

STATE OF SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 1990

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

COMPTROLLER GENERAL



Earle E. Morris, Jr., was first elected Comptroller General in 1976. He has been reelected to each subsequent term by the South Carolina electorate. Before becoming Comptroller General, he served in the State House of Representatives from 1951-55, the State Senate from 1955-70, and as the Lieutenant Governor from 1971-75.

On the cover:

Boone Hall north of Charleston dates back to 1681 and was once a cotton plantation of 15,000 acres. It is familiar to many Americans as a setting for *Gone with the Wind* and the television series *North and South*.

STATE OF SOUTH CAROLINA
**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30,

1 9 9 0

Prepared by the Comptroller General's Office

COMPTROLLER'S MESSAGE...

GONE....WITH THE WIND?

No!

South Carolina once again proved the resiliency of its human and economic strength during the last year.

A hurricane of unprecedented fury and force raged through the State on September 21-22, 1989.

In the wake of Hurricane Hugo—the morning after—we witnessed:

\$6,000,000,000 in damage—

Half of the state's land area hit—

The \$5 billion tourism industry in shambles—

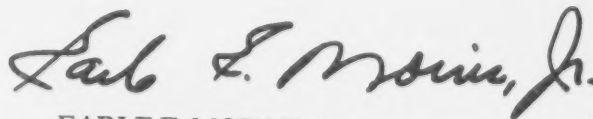
It was a logical conclusion to wonder if our progress and fiscal health were gone—with the wind.

The people of South Carolina with personal and financial help from countless citizens throughout the United States and abroad began another reconstruction.

At the end of the fiscal year we surprised even ourselves with a successful conclusion to a most difficult year.

We ended the year with a Budgetary General Fund balance of \$135 million.

South Carolina is back in business. We have revived, rebuilt, restored and recovered.



EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

"A GARDEN SHADED BY PALM TREES"

In recent years, South Carolina has emerged as one of the nation's premier vacation destinations.

Hundreds of thousands of visitors pour into the State virtually year-round, and hundreds of millions of dollars they spend make tourism a major source of economic strength, the State's second largest "industry" for revenue receipts.

While some travelers may consider South Carolina something of a "discovery", the State's rich outdoor treasures have been objects of delight for centuries.

Long before the arrival of European explorers, native Indian tribes of Cherokees and Catawbas found the territory valuable enough to feud over large portions of what would become South Carolina's "Upcountry".

An early English writer lured settlers by describing the area as an earthly paradise, "a garden shaded by palm trees", whose climate was perpetual spring and summer.

Even as shopping malls and freeways begin to invade the landscape, South Carolinians boast that they can still go whitewater canoeing and catch a striped bass out of the river in midtown Columbia, the State's capital city.

Visitors can still find portions of the State as the native tribesmen knew it, virgin forests and marshlands virtually unchanged over the centuries.

They can also find the luxuries expected by modern comfort-seeking travelers in resorts, championship golf courses and beaches unequalled anywhere in America. From the fabled Grand Strand to the premier resort of Hilton Head, South Carolina's stretch of Atlantic Ocean beach is unrivaled anywhere on the East Coast.

But beaches are only part of the story. South Carolina's popularity as a vacation spot stems from its variety. It's a place for golfers, hunters, fishermen, boaters, hikers, mountain lovers, beach buffs and history enthusiasts.

It's a place where stately Charleston and quaint Abbeville share a unique heritage. It's a place where patriots routed red-coated British regulars and a place where weary Civil War survivors began putting a nation back together. It's a place where busy urbanites can escape their busy lifestyles and a place where native South Carolinians can still find an unspoiled living environment.

It's a place where even the fury of Hurricane Hugo, which devastated South Carolina September, 21, 1989, could not destroy the rich natural heritage which has made the State "an earthly natural paradise" from its earliest days.

The pages of the Comprehensive Annual Financial Report tell of South Carolina's healthy economic condition. Through pictures and narrative, readers will also learn why visitors and residents alike find the State a good place to visit and a good place to live.



From Myrtle Beach to Hilton Head, South Carolina's Atlantic coastline is a place where natural beauty and quiet strolls on the beach are still very much a way of life.

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Introductory Section



Stately Charleston, America's premier city of history, has withstood for centuries the ravages of wars and natural disasters, including the devastation of Hurricane Hugo in 1989. St. Phillip's Episcopal Church is an enduring landmark of South Carolina's port city.



STATE OF SOUTH CAROLINA

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COMPTROLLER GENERAL

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December 21, 1990

**To the Citizens, Governor and
Members of the South
Carolina General Assembly**

I am pleased to present the Comprehensive Annual Financial Report for the State of South Carolina for the fiscal year ended June 30, 1990. The report provides financial information about the State's operations during the 1989-90 fiscal year and describes its financial position at the end of that fiscal year. The report is designed to be useful to the State's taxpayers, members of the General Assembly, directors of the executive agencies, the State's investors and creditors and other interested parties.

For the convenience of users, we have divided the Comprehensive Annual Financial Report into three sections--Introductory, Financial and Statistical. The Introductory Section contains this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting for the June 30, 1989 report, a list of State officials and an organizational chart of State government. The Financial Section consists of the general purpose financial statements (combined statements and notes), combining financial statements and schedules. The Statistical Section presents non-financial and comparative financial data.

These financial statements are my representations as Comptroller General of South Carolina. I am confident that the information in this report is accurate in all material respects. Furthermore, the report describes all material facts related to the State's financial affairs. It reflects my commitment to accountability to the taxpayers through public disclosure.

The State General Assembly and the Budget and Control Board exercise oversight authority over all accounting funds and entities included in this report. Members of the Budget and Control Board are the Governor, who serves as Chairman, the Comptroller General, the State Treasurer, the Chairman of the Finance Committee of the Senate and the Chairman of the Ways and Means Committee of the House of Representatives. The most important element of oversight authority is financial interdependency.

Other elements of oversight authority include selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

This report includes all organizational units of the State that are controlled by or dependent upon the State's legislature or constitutional officers. Note (1a) in the Notes to the Financial Statements provides a more complete description of the State's reporting entity and the criteria used in defining it.

South Carolina's General Assembly welcomed a new decade in 1990 and launched a set of initiatives designed to establish legislative priorities for the 1990's.

Foremost among the priorities are environmental protection, education and drug-related crime, all of which received primary attention.

In addressing the environment, South Carolina legislators took measures which would significantly limit and control two major categories of waste disposal: (1) hazardous and (2) infectious.

Statutory limits were established on the amount of hazardous waste which may be buried annually in the State's landfills, and out-of-state waste for any year was limited to the amount accepted during the previous twelve-month period.

Limits were also set on the amounts of infectious waste which may be disposed of in the State's incinerators and fees for waste incineration--in-state and out-of-state--were raised.

The General Assembly also took action to protect one of its most valuable natural resources--its lengthy Atlantic coastline--by fine-tuning earlier legislation designed to regulate development in the coastal zones. As a further measure to promote healthy environmental conditions, the State banned smoking from all public buildings.

South Carolina added to its already strong anti-drug arsenal with several new measures which (1) increased penalties for drug trafficking, (2) prohibited the use of juveniles in drug operations and (3) added drug trafficking as an aggravated circumstance in death penalty cases.

The legislature also took initiatives to improve safety in the public schools, authorizing the reporting of violent crimes by students to the principals of the students' schools and calling for the finger-printing of first-time applicants for teacher certificates.

Even as it struggled with budgetary difficulties, the General Assembly also provided funding for the State's two major formula-driven public education plans. One of them, the Education Finance Act, funnels State funds into lower-income school districts. The other, the Education Improvement Act, has lifted the State's teacher salaries to the Southeastern average, thus keeping the State financially competitive with its neighbors for quality public school teachers.

In 1990, South Carolina began the public debate over new ethics and lobbying reform legislation and set the stage for almost-certain action in these areas in 1991. Long before the convening of the 1991 General Assembly, strategies began taking shape in both houses for significant new action on a wide range of measures designed to strengthen public confidence in legislative operations.

The new decade is also significant for something the State did not do. Despite a devastating hurricane and an uncertain national economy, South Carolina came through the 1990 legislative session without any new taxes. In fact, South Carolina was able to enact its first decrease in personal income tax rates.

ECONOMIC CONDITION AND OUTLOOK

The South Carolina economy defied a national trend and posted moderate gains during the fiscal year ended June 30, 1990, sustaining the State's long-term growth momentum.

Personal income grew by 6.0 percent in the State for the fiscal period, despite the loss in wages and proprietors' income in the third quarter of 1989 from Hurricane Hugo, which struck South Carolina on September 21, 1989.

Personal income continued to rise and the State's unemployment rate remained below the national average. For the 1989-90 fiscal year, unemployment in South Carolina was 4.7 percent, compared with the national rate of 5.2 percent.

Other favorable indicators of economic health during the fiscal year ended June 30, 1990, included:

- An increase of 3.6 percent in nonagricultural employment, reflecting a net gain in jobs of 46,200 and bringing the State's total non-farm employment to 1,529,400; and
- A record \$1.2 billion in capital investment in new and expanding industry by mid-year 1990. The figure was not only the highest ever attained by the State for the period, but was twice the amount for the same period the previous year.

Even as the State looked toward the recession-tinged first quarter of the 1990-91 fiscal year, the State's economy continued to show signs of outpacing that of the nation as a whole. Non-farm employment growth slowed to 2.5 percent, ahead of the 1.8 percent rate for the nation, and unemployment in South Carolina inched up to 5.2 percent, still below the national average of 5.5 percent for the period.

Despite signs of resiliency, the South Carolina economy did feel the impact of several national factors, including four consecutive quarters of declining corporate profits, and beginning in August, oil price increases, national budget deficit initiatives, the ongoing military buildup in the Middle East and declining consumer confidence about future economic stability. Revisions of the State's revenue estimates for the fiscal year ended June 30, 1991, were made during November 1990 to keep the State's budget and spending levels fiscally sound and responsible.

FINANCIAL CONTROLS

Accounting Internal Controls

The Statewide Accounting and Reporting System (STARS) is the State's budgetary-basis operating accounting system. This double-entry system, installed in 1982, processes cash and budgetary transactions and maintains

records for all budgeted funds and some unbudgeted funds. The State's higher education institutions and most of the enterprise entities maintain separate accrual-basis accounting systems.

An automated system in the Comptroller General's Office designed to allow reporting in accordance with generally accepted accounting principles (GAAP) converts budgetary-basis STARS data into the format presented in this report. State agencies which use STARS complete forms at year-end to adjust the budgetary-basis balances to conform with GAAP. The Comptroller General's Office enters data from these forms as well as from audited financial statements for the higher education institutions and most State enterprise entities into the GAAP reporting system.

The State's internal accounting controls provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposal
- The reliability of financial records for preparing financial statements and maintaining accountability for assets

The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefits.

Budgetary Controls

South Carolina's annual Appropriation Act includes legally adopted budgets for the Budgetary General Fund and for aggregated Other Budgeted Funds. The State estimates revenues on a cash receipts basis. Appropriations for 1989-90 covered all expenditures deemed applicable to that year and paid on or before July 20, 1990. Unexpended Budgetary General Fund appropriations lapse unless the Appropriation Act specifically authorizes agencies to carry them forward to the next fiscal year.

State law does not require encumbrance accounting. Accordingly, the State does not record encumbrances (except for some higher education institutions). The State currently maintains budgetary control for expenditures at the level of major object class within each program of each organizational unit. Except for accounts of higher education institutions and the Department of Highways and Public Transportation, STARS checks to be sure that an account has sufficient remaining appropriations before it will charge an expenditure to that account. Organizational units may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. The Budget and Control Board has authority to approve these appropriation transfers.

The initial budget appears in the annual Appropriation Act. The Budget and Control Board reduces the Budgetary General Fund's appropriations during the year if it anticipates a year-end operating deficit. Likewise, the Budget and Control Board may revise estimated revenues of the Budgetary General Fund during the year, if necessary. In April 1990, a downward revision of estimated revenues prompted the Budget and Control Board to reduce the Budgetary General Fund's appropriations by \$42.3 million. An additional \$4.5 million reduction of appropriations was posted at year-end.

During 1990, the General Assembly passed a Supplemental Appropriation Act that increased appropriations of the Budgetary General Fund by \$11.8 million. This total included unconditional appropriations of \$1.3 million made available for expenditure during 1989-90. The remaining \$10.5 million were to have been made available in August 1990, if sufficient funds (on the budgetary basis of accounting) had been available at year-end. Sufficient funds were not available, however, to fund any of the conditional items.

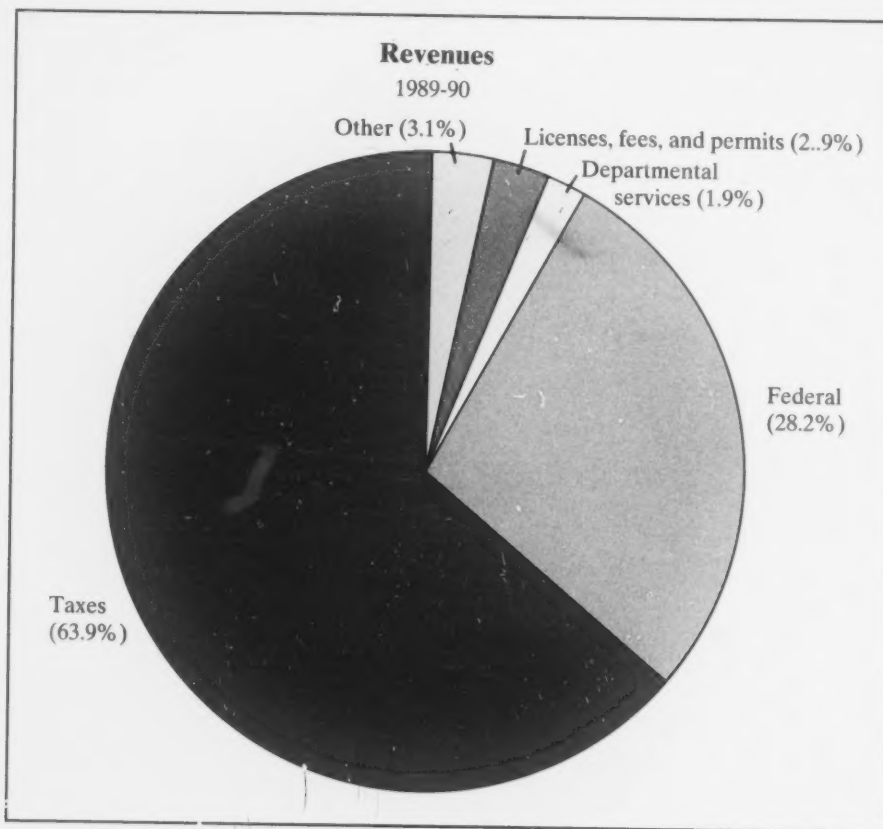
State law specifies procedures for processing requested budget changes in Other Budgeted Funds and for permanent improvement projects.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues

The State's most significant sources of revenue are its 5% retail sales tax, its individual income tax (3% to 7% tax rates) and Federal grants. The following schedule presents a summary of General Fund and Special Revenue Funds revenues for the fiscal year ended June 30, 1990 (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year revenues:

Revenues	1989-90 Amount	Percent of Total	Increase (Decrease) from 1988-89	Percentage Increase (Decrease)
Taxes.....	\$3,741,531	63.91%	\$ 199,517	5.63%
Licenses, fees, and permits.....	169,420	2.89%	14,188	9.14%
Interest and other investment income.....	82,954	1.42%	7,419	9.82%
Federal.....	1,650,917	28.20%	448,506	37.30%
Departmental services.....	113,679	1.94%	4,267	3.90%
Contributions.....	25,832	0.44%	(602)	(2.28%)
Other.....	70,444	1.20%	4,674	7.11%
Totals.....	\$5,854,777	100%	\$677,969	



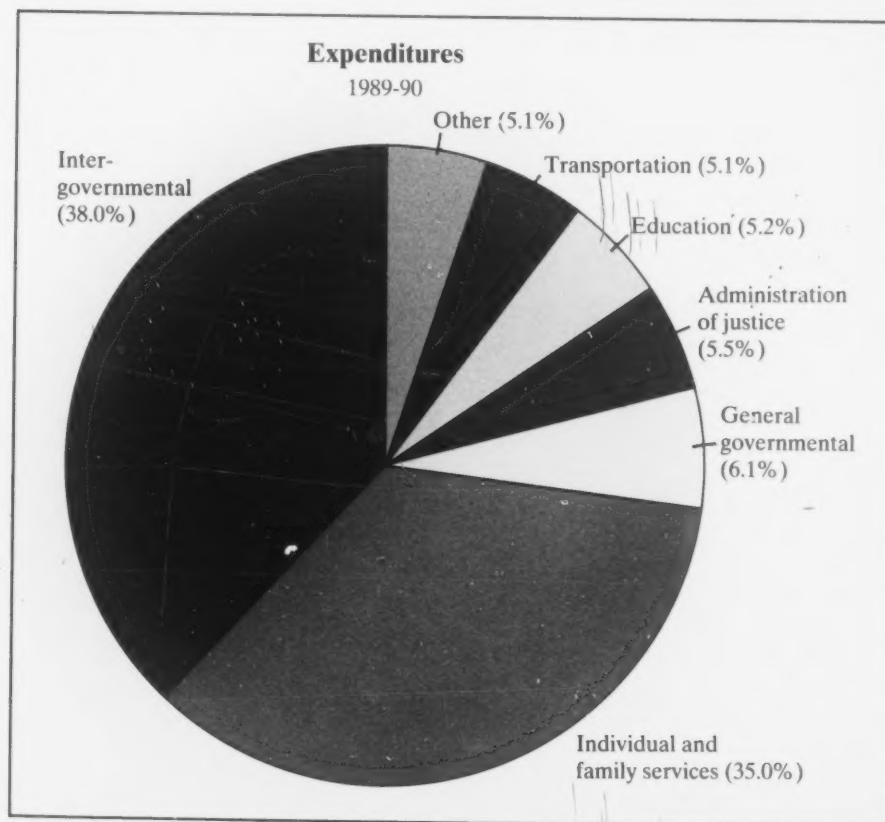
The increase in Federal revenue was partially due to Federal monies received in the aftermath of Hurricane Hugo. In addition, the State's Health and Human Services Finance Commission received a significant increase in its receipts for Medicaid assistance payments.

Expenditures

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended June 30, 1990, (expressed in thousands) and the amounts (expressed in thousands) and percentages of increases (decreases) in relation to prior year expenditures:

State of South Carolina

Expenditures	1989-90 Amount	Percent of Total	Increase (Decrease) from 1988-89	Percentage Increase (Decrease)
Current:				
General governmental.....	\$ 314,764	6.08%	\$ 52,835	20.17%
Education.....	270,237	5.22%	29,746	12.37%
Individual and family services.....	1,811,417	34.98%	393,776	27.78%
Administration of justice.....	282,580	5.46%	26,222	10.23%
Resources and economic development.....	128,101	2.47%	14,429	12.69%
Transportation.....	265,443	5.13%	16,158	6.48%
Miscellaneous.....	30	0.00%	(40)	(57.14%)
Capital outlay.....	25,854	0.50%	(12,780)	(33.08%)
Debt service:				
Principal retirement.....	62,482	1.21%	(22,198)	(26.21%)
Interest and fiscal charges.....	47,902	0.92%	1,825	3.96%
Intergovernmental.....	1,969,425	38.03%	222,438	12.73%
Totals.....	\$5,178,235	100%	\$722,411	



The increase in General Governmental expenditures was due to agencies' payment of a surcharge to the State health insurance program and an increase in employer health insurance premiums. The increase in the Individual and Family Services category resulted from Federal aid for Hurricane Hugo victims and an increase in Medicaid assistance payments.

The decrease for the Miscellaneous category resulted from the fact that the General Assembly reduced the appropriations for dues and contributions during 1989-90. The decrease in Capital Outlay occurred because an unusually large number of purchase orders for capital renovations were paid during 1988-89. Principal Retirements decreased because the State implemented an early buy-out of its school bus leases in February 1989.

Status of Fund Balances

GAAP-basis fund balances for the General Fund and Special Revenue Funds at June 30 (expressed in thousands) for the last three years were:

	1990	1989 (Restated)	1988
General Fund			
Reserved	\$160,278	\$193,089	\$180,694
Unreserved	(140,568)	(90,296)	(62,238)
Total General Fund	\$ 19,710	\$102,793	\$118,456
Special Revenue Funds			
Reserved	\$ 46,160	\$ 36,242	\$ 32,499
Unreserved, designated	194,251	126,469	93,010
Unreserved, undesignated	270,390	279,192	278,955
Total Special Revenue Funds	\$510,801	\$441,903	\$404,464

The reserved component of fund balance represents amounts legally required to be segregated and amounts that cannot be appropriated for future expenditure. The unreserved component of fund balance is computed as total fund balance less reserved amounts. Although for all three years the total fund balance in the General Fund was positive, the unreserved component of fund balance was negative because the reserve requirements exceeded total fund balance.

The designated portion of unreserved fund balance reflects tentative plans for future use of available financial resources.

Total fund balance in the General Fund has declined over the past three years. State officials have noted this trend with concern and are carefully monitoring tax revenue collections for the 1990-91 fiscal year. If revenue collections are determined to be below estimates, estimated revenues and appropriations will be revised downward before year-end.

PROPRIETARY OPERATIONS

The Public Service Authority (Santee-Cooper) is South Carolina's State-owned public power resource. The Public Service Authority (Santee-Cooper) produces and sells electric power to individuals, businesses, electric cooperatives and municipal power departments. The Public Service Authority (Santee-Cooper) made payments to the State's General Fund of \$5.4 million during its fiscal year ended December 31, 1989. The distribution to the General Fund is based primarily on operating cash flows and mandatory reserve requirements.

There are several other significant proprietary segments of South Carolina's State government. The Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The State Housing Finance and Development Authority provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Education Assistance Authority makes

loans to eligible students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts.

The Public Service Authority (Santee-Cooper) and other major Proprietary Funds of South Carolina are presented below with highlights of segment financial information (expressed in thousands) for the fiscal year ended June 30, 1990.

	Public Service Authority (Santee-Cooper)	Housing Authority	Ports Authority	Education Assistance Authority	Research Authority
Operating revenues	\$ 554,794	\$ 70,853	\$ 45,098	\$ 13,524	\$28,413
Extraordinary gain	-	-	8,720	-	38
Net income	38,126	8,444	18,524	11,416	756
Net working capital	29,235	(34,339)	17,546	(5,695)	3,107
Total assets	2,721,421	774,303	256,757	225,383	27,548
Total fund equity	530,935	85,260	212,298	46,881	13,867

FIDUCIARY OPERATIONS

The largest of the State's Fiduciary Funds are its four retirement systems: The South Carolina Retirement System, the Police Officers' Retirement System, the Retirement System for Members of the General Assembly and the Retirement System for Judges and Solicitors. The systems are funded in accordance with actuarially established contribution rates. Some key actuarial amounts for the systems (expressed in thousands) at July 1, 1989 (latest available data), were:

	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System
Pension benefit obligation	\$8,646,100	\$682,100	\$23,900	\$48,900
Net assets available for benefits, at cost	6,068,600	553,700	19,300	27,800
Unfunded pension benefit obligation	\$2,577,500	\$128,400	\$ 4,600	\$21,100

DEBT ADMINISTRATION

The State finances many of its major capital needs by issuing bonds. Some of this debt is general obligation debt backed by the full faith, credit and taxing power of the State. Much of the debt, however, is revenue bonds and notes associated with specific State component units. Specific revenue flows of particular component units service revenue debt.

Moody's Investors Service has rated South Carolina's general obligation bonds as "Aaa", and Standard & Poor's rates this debt as "AAA", both representing the highest ratings awarded. South Carolina is one of only a few states holding these highest ratings. During the fiscal year ended June 30, 1990, South Carolina issued \$156.4 million in general obligation bonds and notes payable by governmental funds and retired \$60.3 million. The State budgets and pays principal and interest on general obligation bonds from current resources of the Budgetary General Fund.

The State's available legal debt margin at June 30, 1990, was \$150.0 million for highway bonds and \$31.9 million for institution bonds. Rather than directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The available legal annual debt service margin at June 30, 1990, for other general obligation bonds/notes, excluding tax and bond anticipation notes, and excluding general long-term obligations other than bonded debt, was \$50.5 million.

Net general obligation bonds/notes outstanding per capita is a useful indicator to citizens, investors and management of the State's debt position. The following table shows these amounts at June 30 for the last three years:

	1990	1989	1988
Net general obligation bonds/notes outstanding	\$780 million	\$683 million	\$653 million
Net general obligation bonds/notes outstanding per capita	\$219	\$194	\$188

The State's higher education institutions and enterprise entities had revenue bonds and notes of approximately \$3 billion outstanding on June 30, 1990. Bonds and notes outstanding (expressed in millions) by component unit were:

South Carolina Public Service Authority (Santee-Cooper)	\$1,928
South Carolina Housing Authority	658
Various higher education institutions	185
Other State component units	226
Total	\$2,997

During its fiscal year ended December 31, 1989, the Public Service Authority (Santee-Cooper), a component unit reported in the Enterprise Funds, refunded \$172 million of its bonds to reduce its total debt service payments over the next 36 years by approximately \$28 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$10 million.

Also during fiscal year 1989-90, Francis Marion College refunded \$5.68 million in Student and Faculty Housing Revenue Bonds. For additional details, see Note (11) in the Notes to the Financial Statements.

CASH MANAGEMENT

State law requires full collateralization of all State Treasurer bank balances. Component units may have collateralization policies that differ from those of the State Treasurer.

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements and certain obligations of United States corporations.

As provided by law, the State Treasurer deposits money in a general deposit account. The State records earnings of the general deposit account as revenue of the General Fund. The Treasurer deposits other monies into various special deposit accounts, each of which retains its own earnings. The Treasurer invests excess cash of the general deposit account and the various special deposit accounts.

State agencies which issue their own checks participate in pooled bank accounts. These agencies issue checks against the pooled bank account. Meanwhile, the bank invests account balances until the checks clear.

Investment earnings for the General Fund totaled \$67.6 million for the fiscal year ended June 30, 1990.

RISK MANAGEMENT

The State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for workers' compensation and Second Injury Fund benefits
- Claims of covered public employees for health insurance, dental insurance and group life insurance benefits (insurance carriers, however, provide claims administration services)
- Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools and their contents
- Motor vehicles, school buses and aircraft
- General tort claims that parties may file against the State or its political subdivisions
- Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these risks.

The State conducts various risk control programs to help minimize losses. For example, the health insurance program conducts extensive wellness education programs for covered employees that promote development and maintenance of healthful lifestyles.

AUDIT

An independent audit was performed jointly by the State Auditor and the independent certified public accounting firm of KPMG Peat Marwick. Again this year, this report includes an unqualified report of the independent certified public accountants, the best possible result of the audit process.

The audit described above is not intended to meet the requirements of the Federal Single Audit Act of 1984. Instead, the State Auditor's Office audits individual State agencies receiving Federal aid to meet these Federal requirements.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of South Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1989. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Again this year, the State will submit its CAFR to the Certificate of Achievement for Excellence in Financial Reporting program of the GFOA. I firmly believe that South Carolina's report for the fiscal year ended June 30, 1990, meets the requirements to receive the Certificate of Achievement.

ACKNOWLEDGMENTS

Production of this report would not have been possible without the support of all State agencies and component units which supplied GAAP closing data on a timely basis. As we strive to produce this report in future years and to improve its quality and content, continued support of these parties is essential.

Special thanks are due to the South Carolina Department of Parks, Recreation and Tourism and to the Department of Wildlife and Marine Resources for providing many of the photographs in this report. In addition, thanks are due to Barbara A. Feinn, Ph.D., Chief Economist of the State of South Carolina. We also thank Marion Bull who provided the cover photograph and Philip G. Grose, Jr., who provided invaluable writing assistance in producing the report.

Sincerely,



EARLE E. MORRIS, JR.
Comptroller General

**CERTIFICATE
OF ACHIEVEMENT**

Certificate of Achievement for Excellence in Financial Reporting

Presented to
State of South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1989

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.



Gary R. Hoisthem

President

Jeffrey L. Essler

Executive Director

Principal State Officials

LEGISLATIVE — THE GENERAL ASSEMBLY

Nick A. Theodore, President of the Senate and Lieutenant Governor
Robert J. Sheheen, Speaker, House of Representatives

Current Term of Office

1991-1995
1990-1992

EXECUTIVE

STATE BUDGET AND CONTROL BOARD

Carroll A. Campbell, Jr., Chairman, Governor
Earle E. Morris, Jr., Comptroller General
Grady L. Patterson, Jr., State Treasurer
James M. Waddell, Jr., Chairman, Senate Finance Committee
William D. Boan, Chairman, House Ways and Means Committee
James M. Miles, Secretary of State
T. Travis Medlock, Attorney General
Dr. Barbara S. Nielsen, State Superintendent of Education
Major General T. Eston Marchant, Adjutant General
D. Leslie Tindal, Commissioner of Agriculture

1991-1995
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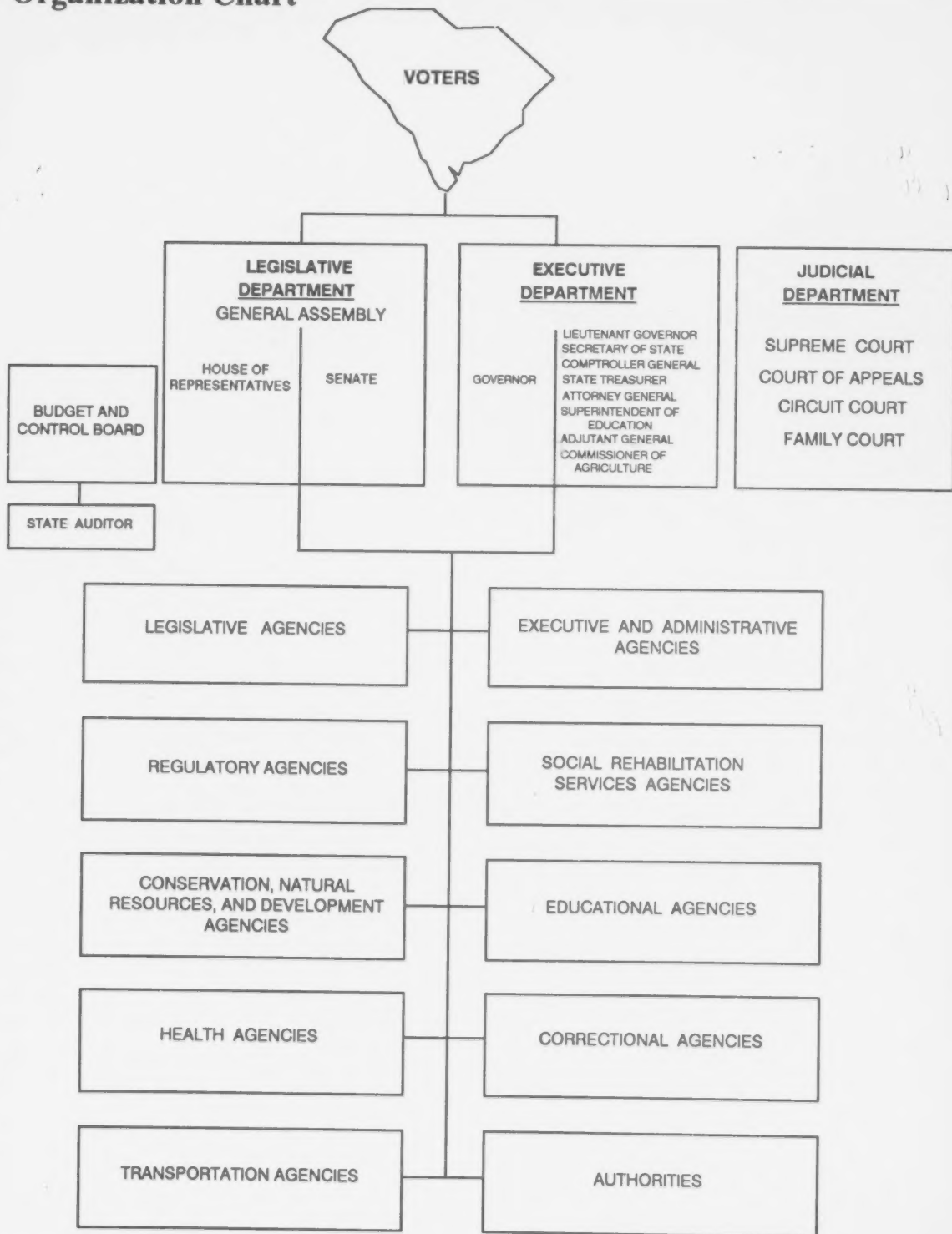
JUDICIAL

George T. Gregory, Jr., Chief Justice, South Carolina Supreme Court

1988-1994

All of the legislative and executive officials are elected by the State's citizens in general elections. Members of the Supreme Court are elected by the General Assembly.

Organization Chart





Financial Section



The serenity of South Carolina's Upcountry remains a treasured part of the State's natural diversity. Table Rock, set amid fields and forests and reflected in a mountain lake, is a familiar landmark in the State's foothills.

**INDEPENDENT
AUDITORS' REPORT**



Office of the State Auditor

The Honorable Carroll A. Campbell, Jr., Governor
and Members of the General Assembly
State of South Carolina
Columbia, South Carolina

We have jointly audited the general purpose financial statements of the State of South Carolina as of and for the year ended June 30, 1990, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not jointly audit the financial statements of certain component units and agencies, which statements reflect the indicated percent of total assets and total revenues, respectively, of the Special Revenue (41% and 18%), Capital Projects (22% and 94%), Enterprise (99% and 97%), Internal Service (61% and 79%), Pension Trust (100% and 100%), Higher Education (100% and 100%), and Agency (38% of assets) Funds, and General Fixed Assets Account Group (16% of assets). Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and agencies is based solely upon the reports of other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of South Carolina at June 30, 1990, and the results of its operations and the changes in financial position of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles.

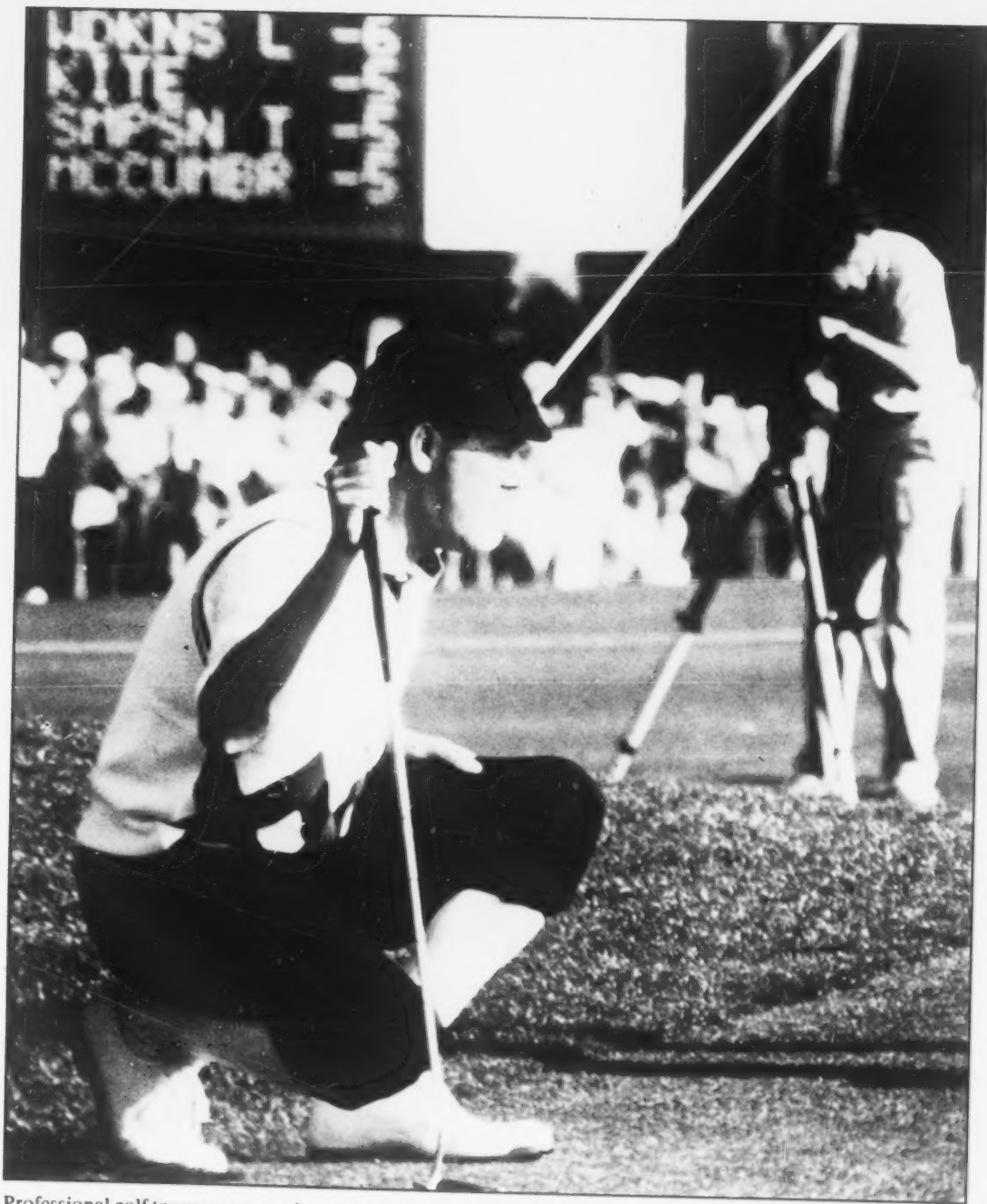
Our joint audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of South Carolina. Such information has been subjected to the auditing procedures applied in the joint audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick

Greenville, South Carolina
November 30, 1990

Edgar A. Vaughan

Columbia, South Carolina
November 30, 1990



Professional golf tournaments such as the annual Heritage Classic at Sea Pines Plantation have brought national attention to South Carolina's Hilton Head Island. PGA stalwart Payne Stewart has been a popular winner of the Heritage.

**GENERAL PURPOSE
FINANCIAL STATEMENTS**
(Combined Statements—Overview)

State of South Carolina

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1990

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$263,524	\$451,515	\$124,541	\$ 131,781	\$306,418
Cash on deposit with fiscal agents	-	-	-	-	-
Investments	-	63	-	8,456	7,990
Deferred yield adjustment for security exchanges	-	-	-	-	-
Receivables, net:					
Accounts	12,278	35,080	3,257	77,988	71,603
Taxes	166,473	55,766	-	-	-
Patient and student	-	-	-	-	-
Student loans	-	-	-	155,281	-
Loans and notes	2,141	21,213	-	231	317
Due from Federal government and other grantors	24,875	155,573	24,043	9,699	261
Due from other funds	780	27,888	13,453	1,055	7,011
Interfund receivables	10,493	593	-	-	1,802
Advances to other funds	14,729	1,756	-	-	11,804
Inventories	8,300	21,393	-	66,965	6,572
Property, plant, and equipment, net	-	-	-	2,003,416	145,077
Restricted assets	-	-	-	1,100,905	-
Other assets	-	1,800	-	6,273	2,197
Deferred charges	-	-	-	535,561	-
Amount to be provided for retirement of long-term obligations	-	-	-	-	-
Total assets and other debits	\$503,593	\$772,640	\$165,294	\$4,097,611	\$561,052

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS			Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations	HIGHER EDUCATION FUNDS	June 30	
				1990	1989
\$ 390,200	\$ -	\$ -	\$ 252,690	\$ 1,920,669	\$ 1,503,927
471,364	-	-	-	471,364	381,549
7,953,724	-	-	30,859	8,001,092	7,195,237
118,862	-	-	-	118,862	141,207
203,959	-	-	7,771	411,936	280,173
44,597	-	-	-	266,836	258,449
-	-	-	50,127	50,127	45,358
-	-	-	32,054	187,335	156,251
2,644	-	-	2,072	28,618	19,149
1,344	-	-	25,606	241,401	189,949
4,044	-	-	11,891	66,122	109,255
-	-	-	-	12,888	18,281
-	-	-	-	28,289	29,460
3	-	-	16,493	119,726	94,593
-	1,435,780	-	1,889,013	5,473,286	5,179,646
-	-	-	-	1,100,905	1,095,325
2,526	-	-	12,779	25,575	22,393
-	-	-	-	535,561	501,586
-	-	921,780	-	921,780	819,352
<u>\$9,193,267</u>	<u>\$1,435,780</u>	<u>\$921,780</u>	<u>\$2,331,355</u>	<u>\$19,982,372</u>	<u>\$18,041,140</u>

Continued on Next Page

State of South Carolina

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS (Continued)

June 30, 1990

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
LIABILITIES, FUND EQUITY, AND OTHER CREDITS					
Liabilities:					
Accounts payable and accrued liabilities	\$109,482	\$139,944	\$ 28,918	\$ 183,067	\$129,789
Tax refunds payable	257,389	52	—	—	—
Intergovernmental payables	67,676	59,242	—	279	—
Insurance claims incurred but not reported	—	—	—	3,824	90,506
Due to other funds	14,826	17,909	1,152	181	—
Interfund payables	1,738	7,818	—	—	2,615
Advances from other funds	9,724	227	1,138	—	11,842
Deferred revenues and deferred credits	18,593	28,798	—	10,110	20,536
Deposits	—	100	152	7,554	—
Amounts held in custody for others	—	—	—	—	—
Deferred compensation	—	—	—	115	—
Notes payable	—	—	—	7,284	—
General obligation bond anticipation notes payable	—	—	—	—	—
General obligation bonds payable	—	—	—	—	—
Revenue bonds payable	—	—	—	2,804,789	—
Capital lease and installment debt obligations payable ..	—	—	—	65,843	60,548
Commercial paper notes	—	—	—	50,000	—
Compensated absences payable	—	—	—	392	2,246
Other liabilities, including retainages payable	4,455	7,749	19,218	39,011	7
Total liabilities	483,863	261,839	50,578	3,172,449	318,089
Fund Equity and other credits:					
Contributed capital	—	—	—	196,121	73,599
Investment in fixed assets	—	—	—	—	—
Retained earnings:					
Reserved for special purposes	—	—	—	111,810	—
Unreserved	—	—	—	617,231	169,364
Fund balances:					
Reserved for:					
Pension and other benefits	—	—	—	—	—
Restricted fund balance	—	—	—	—	—
General fund reserve	87,999	—	—	—	—
U. S. government grants refundable	—	—	—	—	—
Inventories	8,300	21,393	—	—	—
Advances to other funds	14,729	1,756	—	—	—
Appropriations to be carried forward	37,418	—	—	—	—
Endowment and similar funds	—	—	—	—	—
Long-term loans and notes receivable	2,086	21,211	—	—	—
School building aid	9,746	—	—	—	—
Encumbrances	—	—	—	—	—
Other special purposes	—	1,800	—	—	—
Unreserved:					
Designated for special purposes	—	194,251	—	—	—
Designated for capital expenditures	—	—	114,716	—	—
Designated for quasi-endowments	—	—	—	—	—
Undesignated	(140,568)	270,390	—	—	—
Total fund equity and other credits	19,710	510,801	114,716	925,162	242,963
Total liabilities, fund equity, and other credits	\$503,593	\$772,640	\$165,294	\$4,097,611	\$561,052

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES	ACCOUNT GROUPS			Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations	HIGHER EDUCATION FUNDS	June 30	
				1990	1989
Trust and Agency					
\$ 63,253	\$ -	\$ -	\$ 67,990	\$ 722,443	\$ 568,620
1,149	-	-	-	258,590	225,485
51	-	-	-	127,248	125,536
-	-	3,337	-	97,667	105,398
26,662	-	-	5,392	66,122	109,255
-	-	-	717	12,888	18,281
-	-	-	5,358	28,289	29,460
3,675	-	-	23,058	104,770	109,485
3,674	-	-	3,474	14,954	14,321
541,385	-	-	1,399	542,784	414,808
373,859	-	-	-	373,974	310,523
-	-	31,350	17,561	56,195	24,900
-	-	-	16,871	16,871	12,055
-	-	748,490	11,200	759,690	697,110
-	-	-	167,835	2,972,624	2,916,314
-	-	5,512	13,836	145,739	154,320
-	-	-	-	50,000	50,000
-	-	104,460	43,946	151,044	139,647
27	-	28,631	4,420	103,518	92,492
<u>1,013,735</u>	<u>-</u>	<u>921,780</u>	<u>383,057</u>	<u>6,605,410</u>	<u>6,118,010</u>
-	-	-	-	269,720	263,995
-	1,435,780	-	1,651,202	3,086,982	2,832,926
-	-	-	-	111,810	96,527
-	-	-	-	786,595	630,873
8,123,583	-	-	-	8,123,583	7,166,122
-	-	-	148,189	148,189	118,093
-	-	-	-	87,999	87,999
-	-	-	33,957	33,957	32,143
3	-	-	-	29,696	27,112
-	-	-	-	16,485	18,484
566	-	-	-	37,418	74,699
-	-	-	15,110	15,676	13,114
-	-	-	-	23,297	16,361
-	-	-	-	9,746	9,702
-	-	-	997	997	4,815
-	-	-	9,368	11,168	4,929
-	-	-	19,425	213,676	149,346
-	-	-	-	114,716	75,701
-	-	-	16,104	16,104	14,764
55,380	-	-	53,946	239,148	285,425
<u>8,179,532</u>	<u>1,435,780</u>	<u>-</u>	<u>1,948,298</u>	<u>13,376,962</u>	<u>11,923,130</u>
<u>\$9,193,267</u>	<u>\$1,435,780</u>	<u>\$921,780</u>	<u>\$2,331,353</u>	<u>\$19,982,372</u>	<u>\$18,041,140</u>

State of South Carolina

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	\$3,099,955	\$ 641,576	\$ 185
Licenses, fees, and permits	57,297	112,123	-
Interest and other investment income	67,587	15,367	823
Federal	186,310	1,464,607	170,135
Departmental services	13,908	99,771	1,824
Contributions	6	25,826	138
Other	14,911	55,533	76
Total revenues	3,439,974	2,414,803	173,181
Expenditures:			
Current:			
General governmental	278,321	36,443	-
Education	178,917	91,320	-
Individual and family services	724,599	1,086,818	-
Administration of justice	253,114	29,466	-
Resources and economic development	77,201	50,900	-
Transportation	2,995	262,448	-
Miscellaneous	30	-	-
Capital outlay	-	25,854	343,365
Debt service:			
Principal retirement	61,476	1,006	-
Interest and fiscal charges	47,776	126	-
Intergovernmental	1,294,538	674,887	-
Total expenditures	2,918,967	2,259,268	343,365
Revenues over (under) expenditures	521,007	155,535	(170,184)
Other financing sources (uses):			
Proceeds from bonds and notes	31,350	-	125,000
Proceeds from advances from others	1,650	-	-
Lease and installment debt proceeds	3,171	917	-
Operating transfers in	8,404	25,759	120,412
Operating transfers out	(648,512)	(115,032)	(35,611)
Total other financing sources (uses)	(603,937)	(88,356)	209,801
Revenues and other sources over (under) expenditures and other uses	(82,930)	67,179	39,617
Fund balances, July 1, 1989 (restated)	102,793	441,903	75,701
Increases (decreases) in reserve for inventories	(153)	2,739	-
Residual equity transfers out	-	(1,020)	(602)
Fund balances, June 30, 1990	\$ 19,710	\$ 510,801	\$ 114,716

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY
FUND TYPETotals
(Memorandum Only)
For the Fiscal Year Ended
June 30

Expendable Trust	1990	1989
\$198,378	\$3,940,094	\$3,739,521
2,857	172,277	157,874
6,669	90,446	86,526
42,286	1,863,338	1,421,967
329	115,832	112,364
207	26,177	26,752
17,833	88,353	67,214
<u>268,559</u>	<u>6,296,517</u>	<u>5,612,218</u>
174,366	489,130	391,388
-	270,237	240,491
313	1,811,730	1,417,873
-	282,580	256,358
460	128,561	114,010
-	265,443	249,285
-	30	70
-	369,219	412,357
3	62,485	84,682
1	47,903	46,078
170	1,969,595	1,747,125
<u>175,313</u>	<u>5,696,913</u>	<u>4,959,717</u>
<u>93,246</u>	<u>599,604</u>	<u>652,501</u>
-	156,350	85,000
-	1,650	-
-	4,088	245
1,941	156,516	141,343
(51)	(799,206)	(758,412)
<u>1,890</u>	<u>(480,602)</u>	<u>(531,824)</u>
95,136	119,002	120,677
488,862	1,109,259	989,607
(2)	2,584	3,921
-	(1,622)	(4,946)
<u>\$583,996</u>	<u>\$1,229,223</u>	<u>\$1,109,259</u>

State of South Carolina

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

BUDGETARY GENERAL FUND

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Admissions tax	\$ 6,360	\$ 6,128	\$ (232)
Aircraft tax	2,325	2,288	(37)
Alcoholic liquors tax	47,400	48,478	1,078
Bank tax	9,950	9,530	(420)
Beer and wine tax	73,250	73,253	3
Business license tax	30,500	29,540	(960)
Coin-operated device tax	11,825	11,577	(248)
Commercial nuclear waste tax	6,175	6,100	(75)
Contractors' license tax	1,400	1,485	85
Corporation income tax	162,000	140,876	(21,124)
Corporation license tax	31,400	34,608	3,208
Department of Agriculture	6,249	6,462	213
Departmental revenue (primarily grant revenues and fees for services)	34,075	34,707	632
Documentary tax	12,150	10,996	(1,154)
Earned on investments	74,000	75,668	1,668
Education Improvement Act--1% sales tax	—	—	—
Education Improvement Act--investment earnings	—	—	—
Education Improvement Act--other	—	—	—
Electric power tax	16,250	16,045	(205)
Estate tax	32,000	28,939	(3,061)
Excise tax--casual sales	9,100	9,336	236
Fertilizer inspection tax	195	207	12
Gasoline tax--counties	17,950	18,020	70
Gift tax	4,000	6,417	2,417
Individual income tax	1,393,786	1,380,180	(13,606)
Insurance tax	93,210	88,673	(4,537)
Miscellaneous sources	42,536	41,973	(563)
Motor transport fees	5,776	5,733	(43)
Private car lines tax	1,290	1,283	(7)
Public service assessment	3,750	3,824	74
Public Service Authority	5,400	5,629	229
Radioactive waste surcharge	10,000	9,793	(207)
Retail sales tax (4%)	1,134,000	1,146,466	12,466
Retailers' license tax	1,065	989	(76)
Savings and loan association tax	165	520	355
Soft drinks tax	20,550	21,656	1,106
Workers' compensation insurance tax	17,910	17,392	(518)
Total revenues	3,317,992	3,294,771	(23,221)

The Notes to the Financial Statements are an integral part of this statement

OTHER BUDGETED FUNDS

TOTAL BUDGETED FUNDS

Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 9,429	\$ 8,520	\$ (909)	\$ 15,789	\$ 14,648	\$ (1,141)
-	-	-	2,325	2,288	(37)
-	-	-	47,400	48,478	1,078
-	-	-	9,950	9,530	(420)
-	-	-	73,250	73,253	3
-	-	-	30,500	29,540	(960)
-	-	-	11,825	11,577	(248)
-	-	-	6,175	6,100	(75)
-	-	-	1,400	1,485	85
-	-	-	162,000	140,876	(21,124)
-	-	-	31,400	34,608	3,208
2,764	2,415	(349)	9,013	8,877	(136)
4,533,588	3,653,195	(880,393)	4,567,663	3,687,902	(879,761)
3,947	3,069	(878)	16,097	14,065	(2,032)
8,578	16,766	8,188	82,578	92,434	9,856
285,775	288,822	3,047	285,775	288,822	3,047
1,900	2,110	210	1,900	2,110	210
12,562	12,539	(23)	12,562	12,539	(23)
-	-	-	16,250	16,045	(205)
-	-	-	32,000	28,939	(3,061)
-	-	-	9,100	9,336	236
-	-	-	195	207	12
-	-	-	17,950	18,020	70
-	-	-	4,000	6,417	2,417
-	-	-	1,393,786	1,380,180	(13,606)
8	13	5	93,218	88,686	(4,532)
88,942	41,295	(47,647)	131,478	83,268	(48,210)
-	-	-	5,776	5,733	(43)
-	-	-	1,290	1,283	(7)
-	-	-	3,750	3,824	74
-	-	-	5,400	5,629	229
-	-	-	10,000	9,793	(207)
17	24	7	1,134,017	1,146,490	12,473
-	-	-	1,065	989	(76)
-	-	-	165	520	355
-	-	-	20,550	21,656	1,106
-	-	-	17,910	17,392	(518)
<u>4,947,510</u>	<u>4,028,768</u>	<u>(918,742)</u>	<u>8,265,502</u>	<u>7,323,539</u>	<u>(941,963)</u>

Continued on Next Page

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual (Budgetary Basis)

ALL BUDGETED FUNDS (Continued)

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

BUDGETARY GENERAL FUND

	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Legislative	\$ 30,386	\$ 26,593	\$ 3,793
Judicial	25,685	25,426	259
Executive and administrative	180,654	149,602	31,052
Educational	1,762,704	1,751,270	11,434
Health	503,879	498,184	5,695
Social rehabilitation services	137,311	135,999	1,312
Correctional	228,873	229,364	(491)
Conservation, natural resources, and development	124,918	124,649	269
Regulatory	71,824	70,936	888
Transportation	3,128	2,861	267
Debt service	109,843	109,809	34
Miscellaneous	244,541	236,312	8,229
Highway Department	1,249	1,249	—
Enterprise agencies	—	—	—
Total expenditures	3,424,995	3,362,254	62,741
Excess of revenues over (under) expenditures	(107,003)	(67,483)	39,520
Other financing sources (uses):			
Note proceeds	31,350	31,350	—
Transfers in	—	—	—
Transfers out	(44,968)	(44,968)	—
Total financing sources (uses)	(13,618)	(13,618)	—
Excess of revenues and other sources over (under) expenditures and other uses	(120,621)	(81,101)	39,520
Budgetary fund balance, July 1, 1989	216,553	216,553	—
Budgetary fund balance, June 30, 1990	\$ 95,932	\$ 135,452	\$39,520

The Notes to the Financial Statements are an integral part of this statement.

OTHER BUDGETED FUNDS

TOTAL BUDGETED FUNDS

Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 530	\$ 285	\$ 245	\$ 30,916	\$ 26,878	\$ 4,038
162	46	116	25,847	25,472	375
744,114	333,678	410,436	924,768	483,280	441,488
1,535,262	1,256,769	278,493	3,297,966	3,008,039	289,927
1,161,131	1,038,854	122,277	1,665,010	1,537,038	127,972
566,091	511,848	54,243	703,402	647,847	55,555
80,998	61,254	19,744	309,871	290,618	19,253
156,725	99,107	57,618	281,643	223,756	57,887
113,188	63,730	49,458	185,012	134,666	50,346
2,068	1,384	684	5,196	4,245	951
-	-	-	109,843	109,809	34
-	-	-	244,541	236,312	8,229
728,664	622,380	106,284	729,913	623,629	106,284
2,614	2,614	-	2,614	2,614	-
<u>5,091,547</u>	<u>3,991,949</u>	<u>1,099,598</u>	<u>8,516,542</u>	<u>7,354,203</u>	<u>1,162,339</u>
<u>(144,037)</u>	<u>36,819</u>	<u>180,856</u>	<u>(251,040)</u>	<u>(30,664)</u>	<u>220,376</u>
-	-	-	31,350	31,350	-
44,968	44,968	-	44,968	44,968	-
-	-	-	(44,968)	(44,968)	-
<u>44,968</u>	<u>44,968</u>	<u>-</u>	<u>31,350</u>	<u>31,350</u>	<u>-</u>
(99,069)	81,787	180,856	(219,690)	686	220,376
<u>435,844</u>	<u>435,844</u>	<u>-</u>	<u>652,397</u>	<u>652,397</u>	<u>-</u>
<u>\$ 336,775</u>	<u>\$ 517,631</u>	<u>\$ 180,856</u>	<u>\$ 432,707</u>	<u>\$ 653,083</u>	<u>\$ 220,376</u>

State of South Carolina

Combined Statement of Revenues, Expenses, and Changes in Fund Equity

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Operating revenues:		
Charges for services	\$648,380	\$498,409
Contributions	78	26,733
Interest and other investment income	83,991	22,023
Other operating revenues	4,820	304
Total operating revenues	737,269	547,469
Operating expenses:		
General operations and administration	406,951	101,867
Benefits and claims	469	349,496
Interest	68,539	-
Depreciation and amortization	91,586	14,856
Costs to be recovered from future revenues	(28,793)	-
Other operating expenses	7,723	1,706
Total operating expenses	546,475	467,925
Operating income	190,794	79,544
Nonoperating revenues (expenses):		
Interest income	29,274	2,862
Federal revenue	27,584	132
Interest expense	(154,609)	(9,245)
Other nonoperating revenues (expenses)	(8,407)	492
Total nonoperating revenues (expenses)	(106,158)	(5,759)
Income before operating transfers	84,636	73,785
Operating transfers in	3,367	8,093
Operating transfers out	(6,366)	-
Income before extraordinary items	81,637	81,878
Extraordinary gain	7,490	-
Net income	89,127	81,878
Retained earnings/fund balances, July 1, 1989 (restated)	639,914	87,486
Retained earnings/fund balances, June 30, 1990	729,041	169,364
Contributed capital, July 1, 1989 (restated)	194,349	69,646
Additions to contributed capital	1,933	4,581
Deductions from contributed capital	(161)	(628)
Fund equity, June 30, 1990	\$925,162	\$242,963

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES		Totals (Memorandum Only) For the Fiscal Year Ended June 30	
Nonexpendable Trust	Pension Trust	1990	1989
\$ -	\$ -	\$1,146,789	\$ 973,814
37	571,930	598,778	508,201
9	694,603	800,626	692,967
54	-	5,178	6,159
100	1,266,533	2,551,371	2,181,141
-	-	508,818	455,727
-	402,324	752,289	637,286
-	-	68,539	61,505
-	-	106,442	100,896
-	-	(28,793)	(26,244)
-	-	9,429	32,155
-	402,324	1,416,724	1,261,325
100	864,209	1,134,647	919,816
-	-	32,136	33,036
-	-	27,716	18,069
-	-	(163,854)	(159,940)
-	-	(7,915)	(9,711)
-	-	(111,917)	(118,546)
100	864,209	1,022,730	801,270
-	8,728	20,188	28,960
-	(5,400)	(11,766)	(8,817)
100	867,537	1,031,152	821,433
-	-	7,490	-
100	867,537	1,038,642	821,433
604	6,727,295	7,455,299	6,633,866
704	7,594,832	8,493,941	7,455,299
-	-	263,995	252,429
-	-	6,514	12,300
-	-	(789)	(734)
\$704	\$7,594,832	\$8,763,661	\$7,719,294

Combined Statement of Changes in Financial Position

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Sources of working capital:		
Operations:		
Income before extraordinary items	\$ 81,637	\$ 81,878
Extraordinary gain	7,490	-
Items not requiring (providing) working capital:		
Depreciation and amortization	91,586	14,856
Loss on disposition of property and equipment	3,682	1,045
Other	(11,235)	(350)
Total sources from operations	173,160	97,429
Decreases in long-term investments	100	-
Decreases in other long-term assets	3,379	-
Increases in accrued liabilities	3,684	-
Increases in deferred revenues and deferred credits	201	-
Increases in deferred compensation	34	-
Increases in revenue bonds payable	19,878	-
Increases in other long-term liabilities	2,748	-
Additions to contributed capital	1,933	4,581
Total sources of working capital	205,117	102,010
Uses of working capital:		
Increases in long-term investments	-	7,990
Increases in student loans receivable, net	28,624	-
Increases in loans and notes receivable, net	76	309
Increases in advances to other funds	-	716
Increases in restricted assets	5,580	-
Increases in deferred charges	33,978	-
Decreases in advances from other funds	-	1,878
Reductions of notes payable	955	-
Reductions of capital lease and installment debt obligations payable	2,674	3,806
Decreases in other long-term liabilities	-	4,717
Acquisitions of property and equipment	111,212	15,378
Deductions from contributed capital	161	-
Total uses of working capital	183,260	34,794
Net Increases (decreases) in working capital	\$ 21,857	\$ 67,216

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES

<u>Nonexpendable Trust</u>	<u>Pension Trust</u>	<u>Totals (Memorandum Only)</u>
\$100	\$ 867,537	\$1,031,152
-	-	7,490
-	-	106,442
-	-	4,727
-	-	(11,585)
<u>100</u>	<u>867,537</u>	<u>1,138,226</u>
-	-	100
-	-	3,379
-	-	3,684
-	-	201
-	-	34
-	-	19,878
-	-	2,748
-	-	6,514
<u>100</u>	<u>867,537</u>	<u>1,174,764</u>
110	1,100,921	1,109,021
-	-	28,624
-	-	385
-	-	716
-	-	5,580
-	-	33,978
-	-	1,878
-	-	955
-	-	6,480
-	-	4,717
-	-	126,590
-	-	161
<u>110</u>	<u>1,100,921</u>	<u>1,319,085</u>
<u>\$(10)</u>	<u>\$ (233,384)</u>	<u>\$ (144,321)</u>

Continued on Next Page

Combined Statement of Changes in Financial Position

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS (Continued)

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	PROPRIETARY FUND TYPES	
	Enterprise	Internal Service
Components of net increases (decreases) in working capital:		
Cash and cash equivalents	\$ 46,840	\$68,826
Investments	4,631	-
Deferred yield adjustment for security exchanges	-	-
Accounts receivable, net	17,402	67,258
Loans and notes receivable--current portion	16	-
Due from Federal government and other grantors	2,607	131
Due from other funds	(864)	(3,578)
Interfund receivables	(7,231)	261
Inventories	21,003	412
Other current assets	3,069	251
Deferred charges	(3)	-
Accounts payable and accrued liabilities	(31,487)	(73,844)
Intergovernmental payables	2,460	-
Insurance claims incurred but not reported	1,070	7,964
Due to other funds	(98)	-
Interfund payables	-	(204)
Deferred revenues	584	(3,063)
Deposits	143	-
Notes payable	112	-
Revenue bonds payable	(23,850)	-
Capital lease and installment debt obligations payable	(266)	(53)
Compensated absences payable	(29)	(343)
Other current liabilities	(14,252)	3,198
Net increases (decreases) in working capital	\$ 21,857	\$67,216

The Notes to the Financial Statements are an integral part of this statement.

FIDUCIARY FUND TYPES

<u>Nonexpendable Trust</u>	<u>Pension Trust</u>	<u>Totals (Memorandum Only)</u>
\$ 13	\$ 210,498	\$ 326,177
-	(495,932)	(491,301)
-	(22,345)	(22,345)
1	40,628	125,289
-	-	16
-	-	2,738
(24)	418	(4,048)
-	-	(6,970)
-	-	21,415
-	-	3,320
-	-	(3)
-	33,349	(71,982)
-	-	2,460
-	-	9,034
-	-	(98)
-	-	(204)
-	-	(2,479)
-	-	143
-	-	112
-	-	(23,850)
-	-	(319)
-	-	(372)
-	-	(11,054)
<u>\$(10)</u>	<u>\$(233,384)</u>	<u>\$(144,321)</u>

State of South Carolina

Combined Statement of Changes in Fund Balances

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
Revenues and other additions:				
Unrestricted Current Fund revenues	\$ 641,476	\$ -	\$ -	\$ -
Restricted student tuition and fees	-	838	17	-
Federal grants and contracts—restricted	-	119,548	1,272	-
State grants—restricted	-	8,006	-	500
Private gifts, grants, and contracts—restricted	-	38,762	41	2,253
Investment income—restricted	-	1,698	209	61
Realized investment gains—restricted	-	41	-	1,058
Interest earned	-	136	742	35
Expended for plant facilities	-	-	-	-
Retirement of indebtedness	-	-	-	-
Proceeds of bond refunding	-	-	-	-
Other revenues and additions	-	1,981	131	122
Total revenues and other additions	641,476	171,010	2,412	4,029
Expenditures and other deductions:				
Educational and general	896,374	154,334	-	-
Auxiliary enterprises	129,206	1,393	-	-
Hospital	168,389	259	-	-
Indirect costs recovered	-	12,288	-	-
Loan cancellation and bad debt write-offs	-	-	234	10
Administration and collection costs	-	88	310	-
Expended for plant facilities	-	-	-	-
Retirement of indebtedness	-	-	-	-
Interest on indebtedness	-	-	-	-
Disposal of plant facilities	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Other expenditures and deductions	1,373	377	56	147
Total expenditures and other deductions	1,195,342	168,739	600	157
Transfers in (out):				
Transfers among Higher Education Funds:				
Mandatory transfers for:				
Principal and interest	(27,323)	-	-	-
Renewals and replacements	(740)	-	-	-
Loan fund matching grant	(121)	-	121	-
Other	(28)	22	-	6
Nonmandatory transfers	(6,026)	(129)	254	(2,652)
Operating transfers in	612,433	2,494	-	-
Operating transfers out	(13,231)	-	-	-
Total transfers in (out)	564,964	2,387	375	(2,646)
Net increases (decreases) in fund balances	11,098	4,658	2,187	1,226
Fund balances, July 1, 1989	63,319	19,047	35,270	30,013
Fund balances, June 30, 1990	\$ 74,417	\$ 23,705	\$37,457	\$31,239

The Notes to the Financial Statements are an integral part of this statement.

PLANT FUNDS

Unexpended	Renewal and Replacements	Retirement of Indebtedness	Investment in Plant	Totals for the Fiscal Year Ended June 30	
				1990	1989
\$ -	\$ -	\$ -	\$ -	\$ 641,476	\$ 559,124
3,464	1,900	9,695	-	15,914	12,606
6,621	-	323	-	127,764	117,278
1,124	-	-	-	9,630	6,423
1,743	-	51	18,286	61,136	37,483
813	1,081	1,375	-	5,237	6,824
-	-	-	-	1,099	752
3,067	-	2,496	-	6,476	4,987
275	-	-	157,309	157,309	130,878
-	-	-	16,973	17,248	18,402
-	-	6,338	-	6,338	-
29,589	1,603	6,340	1,007	41,273	20,311
<u>46,696</u>	<u>4,584</u>	<u>27,118</u>	<u>193,575</u>	<u>1,090,900</u>	<u>915,068</u>
-	-	-	-	1,050,708	947,029
-	-	-	-	130,599	122,717
-	-	-	-	168,648	137,397
-	-	-	-	12,288	10,866
-	-	-	-	244	239
-	-	-	-	398	680
85,338	6,226	-	-	91,564	71,976
-	-	17,248	-	17,248	15,595
-	-	14,829	-	14,829	13,428
-	-	-	27,027	27,027	36,608
-	-	6,306	-	6,306	-
10,049	30	173	4,367	16,572	17,255
<u>95,387</u>	<u>6,256</u>	<u>38,556</u>	<u>31,394</u>	<u>1,536,431</u>	<u>1,373,790</u>
-	-	-	-	-	-
(72)	-	27,395	-	-	-
-	740	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27,144	(2,424)	(10,317)	(5,850)	-	-
33,674	1,937	-	-	650,538	597,995
-	-	-	-	(13,231)	(3,615)
<u>60,746</u>	<u>253</u>	<u>17,078</u>	<u>(5,850)</u>	<u>637,307</u>	<u>594,380</u>
12,055	(1,419)	5,640	156,331	191,776	135,658
<u>64,111</u>	<u>9,890</u>	<u>40,001</u>	<u>1,494,871</u>	<u>1,756,522</u>	<u>1,620,864</u>
<u>\$76,166</u>	<u>\$ 8,471</u>	<u>\$45,641</u>	<u>\$1,651,202</u>	<u>\$1,948,298</u>	<u>\$1,756,522</u>

State of South Carolina

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes

HIGHER EDUCATION FUNDS

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

HIGHER EDUCATION FUNDS			Totals for the Fiscal Year Ended June 30	
For the Fiscal Year Ended June 30, 1990 (Expressed in Thousands)			1990	1989
	Unrestricted	Restricted		
Revenues:				
Tuition and fees	\$ 229,861	\$ 13	\$ 229,874	\$ 203,323
Federal grants and contracts	23,358	107,683	131,041	118,476
State grants and contracts	1,728	8,252	9,980	6,946
Local grants and contracts	17,125	943	18,068	14,390
Private gifts, grants, and contracts	10,363	32,916	43,279	34,136
Endowment income	320	1,385	1,705	2,110
Sales and services of educational departments	32,080	239	32,319	28,659
Sales and services of auxiliary enterprises	134,912	—	134,912	126,170
Sales and services of hospitals	167,552	259	167,811	138,008
Other	24,177	2,644	26,821	22,386
Total current revenues	641,476	154,334	795,810	694,604
Expenditures and mandatory transfers:				
Educational and general:				
Instruction	412,700	26,465	439,165	396,082
Research	48,110	53,530	101,640	88,287
Public service	67,141	22,412	89,553	82,408
Academic support	86,230	4,148	90,378	87,872
Student services	49,215	2,571	51,786	44,940
Institutional support	125,914	2,048	127,962	114,213
Operation and maintenance of plant	100,392	695	101,087	91,334
Scholarships and fellowships	6,672	42,465	49,137	41,893
Educational and general expenditures	896,374	154,334	1,050,708	947,029
Mandatory transfers for:				
Principal and interest	16,941	—	16,941	14,142
Loan fund matching grant	121	—	121	147
Other	28	(22)	6	—
Total educational and general	913,464	154,312	1,067,776	961,318
Auxiliary enterprises:				
Expenditures	129,206	1,393	130,599	122,717
Mandatory transfers for:				
Principal and interest	10,382	—	10,382	10,145
Renewals and replacements	740	—	740	684
Total auxiliary enterprises	140,328	1,393	141,721	133,546
Hospital expenditures	168,389	259	168,648	137,397
Total expenditures and mandatory transfers	1,222,181	155,964	1,378,145	1,232,261
Other transfers and additions (deductions):				
Excess of restricted receipts over transfers to revenues ..	—	4,388	4,388	1,996
Operating transfers in	612,433	2,494	614,927	557,366
Operating transfers out	(13,231)	—	(13,231)	(3,615)
Other deductions	(7,399)	(594)	(7,993)	(9,645)
Total operating transfers and additions	591,803	6,288	598,091	546,102
Net increase in fund balances	\$ 11,098	\$ 4,658	\$ 15,756	\$ 8,445

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Scope of Reporting Entity

These financial statements include all component units over which the State's elected officials exercise significant oversight responsibility. Financial interdependency is the most important element of oversight responsibility. However, the following also were considered in determining the scope of the reporting entity:

- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Based on the above criteria, the following significant component units are included in these financial statements:

Fiscal years ended June 30, 1990:

- State-supported colleges/universities
- Area technical colleges
- The State's four retirement systems
- State Housing Finance and Development Authority
- State Ports Authority
- State Education Assistance Authority and Student Loan Corporation
- South Carolina Research Authority
- Patriots' Point Development Authority
- The Local Government Investment Pool

Fiscal years ended December 31, 1989:

- South Carolina Public Service Authority (Santee-Cooper)
- South Carolina Deferred Compensation Plans
- Public Railways Commission (and Tangent Transportation Company)

These financial statements exclude the related foundations listed in Note 15 because the State does not significantly influence operations of the related foundations nor are the related foundations accountable to the State for fiscal matters.

b. Basis of Presentation--Fund Accounting

The State uses fund accounting under which it segregates its resources and accounts for them in various individual funds. Each individual fund is an accounting entity with a self-balancing set of accounts. Individual funds that have similar characteristics are combined into fund types.

Governmental Funds

Governmental Funds finance most of the State's governmental functions. The measurement focus of the Governmental Funds is on sources, uses, and balances of financial resources.

The General Fund is the State's general operating fund. It accounts for resources that fund the services South Carolina's State government traditionally has provided to its citizens, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes.

Capital Projects Funds account for resources to acquire major capital facilities for use by the General Fund and Special Revenue Funds, including planning/construction of the State's highway system.

Debt Service Funds are not used because the State does not accumulate resources to pay future years' general long-term obligations. Instead, the State finances such payments directly from the current year's resources.

Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

Enterprise Funds account for business-like State activities that provide goods/services to the public financed primarily through user charges.

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-allocation basis.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units. Both principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. Only the earnings, but not the principal, of Nonexpendable Trust Funds may be expended.

Expendable Trust Funds have the same measurement focus as Governmental Funds. Nonexpendable Trust and Pension Trust Funds have the same measurement focus as Proprietary Funds. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

The General Fixed Assets Account Group includes all fixed assets other than those accounted for in the Proprietary and Higher Education Funds.

Notes to the Financial Statements

The General Long-Term Obligations Account Group accounts for all long-term obligations not accounted for in the Proprietary and Higher Education Funds. Long-term obligations include bonds, notes, capital leases, compensated absences, and claims/judgments.

c. Basis of Accounting

The basis of accounting determines when the State recognizes revenues and expenditures/expenses and related assets and liabilities, regardless of measurement focus.

Governmental, Expendable Trust, and Agency Funds

The modified accrual basis of accounting is used in Governmental, Expendable Trust, and Agency Funds. Under the modified accrual basis, revenues are recorded when they become susceptible to accrual (i.e., both measurable and available). Except for entitlements, unemployment insurance taxes, and interest on investments, revenues are deemed available at year-end only if received within one month following year-end. Unemployment insurance taxes in the Expendable Trust Funds are deemed available at year-end only if received within forty-five days following year-end. Interest on investments is recorded as earned because it is deemed available when earned. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Individual income taxes in the hands of employers, sales and similar taxes (including gasoline taxes) in the hands of merchants or other State collection agents, delinquent taxes, charges for services and commodities, and interest income are accrued at year-end. Non-delinquent corporate income taxes, fines, forfeitures, licenses and fees, and other miscellaneous taxes and revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures generally are recorded when goods or services are received. An exception is that principal and interest on obligations reflected in the General Long-Term Obligations Account Group are recorded as expenditures when due. Additional exceptions are that expenditures for compensated absences, claims, and judgments reflected in the General Long-Term Obligations Account Group are recorded when paid.

Proprietary, Nonexpendable Trust, and Pension Trust Funds

The State uses the accrual basis of accounting to report activity of the Proprietary, Nonexpendable Trust, and Pension Trust Funds. Under the accrual basis of accounting, the State recognizes revenues when earned and expenses when incurred. The Public Service Authority, an Enterprise Fund, is a regulated utility which uses accounting principles established by the Federal Energy Regulatory Commission.

Grant/Entitlement Revenues

The State recognizes grants, including non-cash support, as revenue when the State has incurred grant costs and has met all related grant requirements (such as matching requirements). Food stamps totaling \$240.4 million and food commodities of \$17.7 million represent the largest sources of non-cash support for the year ended June 30, 1990. In contrast, the State recognizes entitlements as revenue at the beginning of the entitlement period.

Pending determination of which funds are to be financed, grant/entitlement funds to be distributed to other State agencies are accounted for in Agency Funds. At June 30, 1990, approximately \$4.1 million was being held in Agency Funds pending such determination.

d. Cash and Cash Equivalents

The amounts shown on the Combined Balance Sheet as Cash and Cash Equivalents represent petty cash, cash on deposit in banks, and cash invested in various instruments as a part of the State's cash management pool. - Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as Cash and Cash Equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

Most State agencies participate in the cash management pool. Significant component units excluded from the pool, however, are the State's retirement and deferred compensation plans, the South Carolina Public Service Authority (Santee-Cooper), Public Railways Commission, Ports Authority, and the Local Government Investment Pool. Certain activities of the Higher Education Funds and the Housing Authority Fund, an Enterprise Fund, also are excluded from the pool. For activities excluded from the pool, Cash Equivalents include investments in short-term, highly liquid securities having a maturity of three months or less.

e. Cash Management Pool--Allocation of Interest

The State's cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account. All earnings on that account, however, are recorded in the General Fund. In contrast, each special deposit account retains its own earnings.

f. Investments and Deferred Yield Adjustment for Security Exchanges

Investments are stated at amortized cost using the effective interest method to amortize bond premiums/discounts over the time from purchase to matu-

Notes to the Financial Statements

ity, except for deferred compensation plans' investments which are valued at the value of the underlying insurance contracts.

Additionally, gains and losses on bond exchanges in the Pension Trust Funds are accounted for under the deferral and amortization method. Net gains and losses on bond exchanges are deferred and amortized on a straight-line basis over the shorter of the life of the bond sold or purchased. The unamortized amount is reported as a Deferred Yield Adjustment for Security Exchanges on the Combined Balance Sheet. Gains or losses arising from non-exchange bond transactions are not deferred; they are recognized in the current year.

g. Receivables

Receivables are stated net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

h. Inventories

Inventories of the Governmental and Expendable Trust Funds are valued at cost while inventories of the Proprietary Funds are valued at the lower of cost (first-in, first-out) or market. The Governmental and Expendable Trust Funds use the purchases method while the Proprietary Funds use the consumption method.

i. Fixed Assets and Depreciation

Fixed assets are valued at historical cost or at estimated historical cost if actual historical cost data are not available. Donated fixed assets are recorded at fair market value on the donation date.

Governmental Funds

Governmental Funds record expenditures when they acquire fixed assets and capitalize those assets in the General Fixed Assets Account Group. The General Fixed Assets Account Group records neither depreciation nor capitalization of interest expenditures during construction. The State does not record its public domain (infrastructure) assets in the General Fixed Assets Account Group.

Proprietary and Nonexpendable Trust Funds

Proprietary and Nonexpendable Trust Funds capitalize fixed assets when acquired. Net interest costs are capitalized on projects during the construction period. Depreciation is provided using the straight-line method over the following estimated useful lives:

Asset	Years
Land improvements.....	3-75
Buildings, improvements, and utility plant.....	5-50
Machinery, equipment, and other.....	2-25

Depreciation on fixed assets acquired from Contributed Capital is closed to Retained Earnings.

j. Restricted Assets

Enterprise Fund assets required to be held and/or used as specified in bond indentures and bond resolutions have been recorded as Restricted Assets. These assets consist primarily of United States government securities, repurchase agreements, and mortgage-backed securities.

k. Deferred Charges

Unamortized loss on refunded debt and deferred costs to be recovered from future revenues of the South Carolina Public Service Authority (a regulated utility) are recorded as Deferred Charges in the Enterprise Funds. The Authority amortizes significant gains/losses on refunding debt issues over the life of the new issues rather than recognizing the gain/loss as an extraordinary item at the date of refunding. The recovery of outstanding amounts associated with costs to be recovered from future revenue will coincide with the retirement of the outstanding long-term debt of the Authority.

l. Tax Refunds Payable

During the calendar year, the State collects employee withholdings and taxpayers' payments for personal income taxes. Taxpayers file returns by April 15 for the preceding calendar year. At June 30, the State estimates the amount it owes taxpayers for overpayments during the preceding six months. This estimated payable is recorded as Tax Refunds Payable and a reduction of Tax Revenues.

m. Compensated Absences

During their first ten years of service, full-time permanent State employees annually earn 15 days of vacation leave and 15 days of sick leave. After ten years, employees earn an additional 1.25 days of vacation leave for each year of service over ten until they reach the maximum of 30 days per year. Employees may carry forward up to 45 days of vacation leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, the State pays employees for accumulated vacation leave at the pay rate then in effect. Employees do not receive pay for accumulated sick leave when they terminate.

The General and Special Revenue Funds record expenditures when they pay employees for leave, and the cost of accumulated vacation leave is recorded in the General Long-Term Obligations Account Group. For Proprietary Funds, the cost of vacation leave is recorded as an expense and a liability when earned by the employee.

Notes to the Financial Statements

n. Interfund Transactions

The State accounts for the following types of interfund transactions:

Interfund loans may occur between two State funds. Short-term interfund loans outstanding at year-end are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements result when one fund makes an expenditure on behalf of another fund. Reimbursement transactions reduce expenditure in the reimbursed fund and increase expenditure in the reimbursing fund.

Quasi-external transactions involve charges for goods or services that one fund delivers or provides to another. These transactions may result in the recording of short-term receivables or payables (Due From or To Other Funds) at year-end.

Residual equity transfers are nonroutine or nonrecurring transfers between funds.

Operating transfers include all interfund transactions that are not loans, reimbursements, quasi-external transactions, or residual equity transfers.

The State eliminates material intrafund transactions and interfund transactions that occur within a single combined financial statement fund type.

o. Risk Management

Several funds accumulate assets to cover risks that the State incurs in its normal operations. Specifically, the State itself (rather than an insurance carrier) assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits

- Claims of covered employees for workers' compensation and Second Injury Fund benefits

- Claims of covered public employees for health insurance, dental insurance, and group life insurance benefits (insurance carriers, however, provide claims administration services)

- Patients' Compensation Fund benefits in covered medical malpractice cases

In addition, the State maintains an Insurance Reserve Fund to cover risks associated with:

- Real property including public buildings, local public schools, and their contents

- Motor vehicles, school buses, and aircraft

- General tort claims that parties may file against the State or its political subdivisions

- Medical malpractice claims that parties may file against covered hospitals

The Insurance Reserve Fund purchases insurance coverage for a portion of these liabilities.

The State has recorded liabilities both for claims known but not paid and for claims incurred but not reported at June 30 in its risk management funds, which are reported primarily as Internal Service Funds.

p. Discrete Presentation--Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. These funds use generally accepted accounting principles that apply to colleges and universities as contained in Audits of Colleges and Universities published by the American Institute of Certified Public Accountants. The Higher Education Funds are presented in a separate column on the Combined Balance Sheet as a discrete presentation. The Combined Statement of Changes in Fund Balances--Higher Education Funds presents the following fund types:

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are Unrestricted Current Funds.

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

Endowment and Similar Funds account for endowment and quasi-endowment transactions. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

Plant Funds account for transactions involving physical properties of the higher education institutions. The Unexpended Plant subgroup accounts for monies that institutions will use to acquire physical properties in future accounting periods. The Renewal and Replacements subgroup accounts for monies the institutions have set aside for the renewal and replacement of institutional properties. The Retirement of Indebtedness subgroup includes monies to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus have invested in) their properties and any related outstanding debt.

Agency Funds within the Higher Education Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

The Combined Statement of Current Funds Revenues, Expenditures, and Other Changes--Higher Education Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Cash transfers from the General Fund to the higher education institutions appear as expenditures on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds. On all other combined operating statements, however, such transfers to the institutions from the General Fund appear as Operating Transfers from the General Fund to the Higher Education Funds.

Notes to the Financial Statements

The measurement focus in the Higher Education Funds is upon determination of resources received and used. The Higher Education Funds use the accrual basis. However, depreciation of fixed assets is not recorded. In addition, revenues from tuition and student fees of a summer session are reported totally within the fiscal year in which the session is predominantly conducted. Current Funds used to finance plant assets are accounted for as (1) expenditures for normal replacement of movable equipment and library books, (2) mandatory transfers for required provisions for debt amortization/interest and equipment renewal and replacement, and (3) transfers of a nonmandatory nature for all other cases.

Higher Education Funds record expenditures when they acquire fixed assets and capitalize those assets within their Plant Funds. These funds capitalize interest expenditures during construction but do not record depreciation.

Higher Education Funds use the consumption method of recording inventories.

q. Totals (Memorandum Only) Columns

Amounts in the "Totals--Memorandum Only" columns represent an aggregation of the combined financial statement line-items to facilitate financial analysis. Amounts in the "Totals--Memorandum Only" columns are not comparable to a consolidation.

"Memorandum Only" columns for 1989 are included to provide a summarized comparison with comparable 1990 amounts. The 1989 totals are not intended to present all information necessary for a fair presentation of financial position and results of operations in accordance with generally accepted accounting principles.

To enhance comparability, some 1989 amounts have been reclassified to conform with the presentation used in the 1990 financial statements and have been restated for the matters discussed in Note 3.

NOTE 2: BUDGETARY ACCOUNTING AND REPORTING

a. Budgetary Funds

South Carolina's Appropriation Act does not present budgets by GAAP fund. Instead, it presents budgets for:

General Funds. These funds are general operating funds. The resources in these funds are primarily taxes. The State expends General Funds to provide traditional State government services. The General Funds column in the Appropriation Act differs somewhat from the GAAP General Fund.

Total Funds. The Total Funds column in the Appropriation Act includes all budgeted resources. Amounts in this column include General Funds as well as most Federal and department-generated resources.

Total Funds include some Proprietary and Capital Project Fund activities but exclude Pension Trust Funds and most other Trust and Agency Fund activities.

The accompanying financial statements include a Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds. The Budgetary General Fund category on that statement corresponds to the General Funds column in the Appropriation Act. The Other Budgeted Funds category represents the difference between the Total Funds and the General Funds columns in the Appropriation Act.

b. Budgetary Basis of Accounting

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended Budgetary General Fund appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. Cash-basis accounting for payroll expenditures is required.

State law does not precisely define the budgetary basis of accounting. In practice, however, it is the cash basis with the following exceptions: (1) departments and agencies charge certain vendor and interfund payments against the preceding fiscal year's appropriations through July 20, and (2) several types of revenues collected in advance are recorded as liabilities (deferred revenues) rather than as revenues.

c. Budgetary Policies

State law does not require the use of encumbrance accounting. Neither the General Fund nor the Budgetary General Fund, therefore, records encumbrances or a reserve for encumbrances. Instead, the General Fund records the authorized appropriations to be carried forward as a reserve of fund balance.

The State maintains budgetary control at the level of major object class of expenditure within each program of each department or agency. All budgeted departments and agencies except the higher education institutions and the Department of Highways and Public Transportation process their disbursement vouchers through a central budgetary accounting system maintained by the Comptroller General's Office. Departments and agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriations exist. The State's 1989-90 Appropriation Act has approximately 5,700 appropriated line items. These line items constitute the level of legal control over expenditures. The level of legal control for all agencies is reported in a publication of the State Comptroller General's Office titled "A Detailed Report of Appropriations and Expenditures," not included herein. Departments and agencies may request transfers of appropriations among major object classes and/or among programs within the same budgetary fund. No such transfer request, however, may exceed twenty percent of the program budget. The

Notes to the Financial Statements

Budget and Control Board, composed of five key executive and legislative officials, has the authority to approve such requests.

Each year, the General Assembly enacts an Appropriation Act that includes initial estimated revenue and appropriation figures for the Budgetary General Fund. The 1989-90 Appropriation Act directed the Budget and Control Board to reduce the Budgetary General Fund's appropriations during the year if necessary to prevent a deficit. Likewise, the Budget and Control Board may approve increases or decreases in the Budgetary General Fund's estimated revenues during the year.

For Other Budgeted Funds, the annual Appropriation Act presents estimated revenue amounts only for Education Improvement Act and highway revenues. The Budget and Control Board, however, provides estimated revenue amounts for the other resources in these funds. The Appropriation Act includes all appropriation amounts for these funds.

As operating conditions change, departments and agencies may request revisions of estimated revenues and expenditures in Other Budgeted Funds. Such changes require the Governor's approval, the Joint Appropriation Review Committee's concurrence, and the Budget and Control Board's review. Departments and agencies also may request revisions of estimated revenues and appropriations for permanent improvement projects that the General Assembly did not specifically authorize. The Budget and Control Board and the Joint Bond Review Committee must approve and review these changes. During the current fiscal year, the State's budget was amended in accordance with the procedures outlined above.

During June 1990, the General Assembly enacted a 1989-90 Supplemental Appropriation Act containing appropriation items totaling \$11.8 million. This total included unconditional appropriations of \$1.3 million made available for expenditure during 1989-90. The remaining \$10.5 million were to have been made available in August 1990, if sufficient funds (on the budgetary basis of accounting) had been available at year-end. Sufficient funds were not available, however, to fund any of these items.

d. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 1990, the following had expenditures which exceeded appropriations at the level of legal control by the following amounts (expressed in thousands):

Budgetary General Fund	
Correctional	\$ 1,800
Other Budgeted Funds	
Educational	12,341
Conservation, natural resources, and development	33

In February 1990, the Department of Corrections notified the State Budget and Control Board that its Budgetary General Fund expenditures were likely to exceed its appropriations and presented a plan for actions it hoped would reduce the projected overexpenditure. The Budget and Control Board accepted the Department's report as information and assigned its staff to work closely with the Department to monitor the situation. During July 1990, the Department charged \$1.8 million of payables outstanding on June 30, 1990, against its appropriations for the fiscal year ended June 30, 1991.

The overexpenditures in the Educational and Conservation, Natural Resources and Development categories were associated with higher education institutions including Technical Colleges. These institutions are among those component units which have the authority under State law to maintain their own accounting systems. They had sufficient budgetary-basis revenue and cash to provide for all of their expenditures.

e. Legal Limit On Appropriations

State law imposes a ceiling on appropriations for general, school, and highway purposes. The limit equals the greater of: (1) the limit for the last fiscal year increased by the average percentage rate of growth in State personal income for the previous three completed calendar years, or (2) 9.5% of the total personal income of the State for the last completed calendar year.

The 1989-90 Appropriation Act included appropriations of \$3.840 billion for general, school, and highway purposes--\$395.5 million less than the legal limit.

f. Legal Limit on Number of State Employees

The State's Constitution and statutes limit the number of employees that the Budgetary General Fund may fund. The number of these employees may not increase faster than the State's population. On June 30, 1990, 37,767 employees were funded by the State's Budgetary General Fund--5,559 fewer than the legal limit.

g. Reconciliation of Budget/GAAP Reporting Differences

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Budgetary Basis)--All Budgeted Funds presents comparisons of the State's legally adopted budget with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ significantly from GAAP accounting principles. These different accounting principles result in basis, perspective, entity, and timing differences in the excess of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources. These differences (expressed in thousands) for the fiscal year ended June 30, 1990, were:

Notes to the Financial Statements

	Financial Statement Fund Types										Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enter- prise	Internal Service	Expend- able Trust	Non- expend- able Trust	Pension Trust	Agency	Higher Education	
Classification of budgetary excess of revenues and other sources over (under) expenditures and other uses into GAAP fund structure:											
Budgetary General Fund	\$(81,101)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$(81,101)
Other Budgeted Funds	7,583	59,263	(412)	7,736	2,903	(6)	57	-	1,082	3,581	81,787
Totals	(73,518)	59,263	(412)	7,736	2,903	(6)	57	-	1,082	3,581	686
Timing differences											
Basis differences	(18,112)	1,471	1,060	5,318	330	(32)	-	-	-	997	997
To record excess of revenues and other sources over (under) expenditures/expenses and other uses for unbudgeted accounts	8,700	6,445	38,969	76,073	78,645	95,174	43	867,537	(1,082)	179,188	1,349,692
GAAP financial statement excess of revenues and other sources over (under) expenditures/expenses and other uses	\$(82,930)	\$67,179	\$39,617	\$89,127	\$81,878	\$95,136	\$100	\$867,537	\$ -	\$191,776	\$1,349,420

NOTE 3: ACCOUNTING AND REPORTING CHANGES

The General Assembly approved a change in the fiscal year-end for the Public Service Authority, an electric utility reported within the Enterprise Funds. In the past, the Authority has reported using a June 30 fiscal year-end; currently, the Authority reports using a December 31 year-end. In order to reflect the change and enhance comparability, the prior-year totals for the Authority have been restated as if the change occurred in that year. Beginning retained earnings as of July 1, 1988, were restated from \$428.163 million to \$419.203 million. Restatement of the prior year's

operating statement resulted in a decrease in earnings of \$8.337 million and a reduction in Operating Transfers Out of \$1.089 million for the year ended June 30, 1989. This restatement in beginning retained earnings and net income resulted in a restatement of ending retained earnings from \$474.579 million to \$458.371 million as of June 30, 1989.

During the fiscal year ended June 30, 1990, the State corrected certain prior-period errors. The following schedule details the restatements (expressed in thousands) made to fund equity as of June 30, 1989, to give retroactive effect to these changes:

	General Fund	Enterprise Funds Retained Earnings	Enterprise Funds Contributed Capital	Internal Service Funds Retained Earnings	Internal Service Funds Contributed Capital
June 30, 1989, fund equity as previously reported	\$ 62,871	\$652,980	\$197,051	\$88,433	\$75,434
Change in Public Service Authority's fiscal year	-	(16,208)	-	-	-
To correct error in tax refunds payable reported at June 30, 1989	33,187	-	-	-	-
To record long-term interfund loan payable by the General Services Fund	6,735	-	-	(947)	(5,788)
To correct errors in recording nonoperating revenues of the Public Railways Commission	-	3,142	(2,702)	-	-
June 30, 1989, fund equity as restated	\$102,793	\$639,914	\$194,349	\$87,486	\$69,646

Notes to the Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS

By law, all deposits and investments are under the control of the State Treasurer except for those which by specific authority are under the control of other component units, primarily the Public Service Authority.

The following display reconciles the details included within this footnote to the Combined Balance Sheet at June 30, 1990 (expressed in thousands):

Combined Balance Sheet	
Cash and cash equivalents.....	\$ 1,920,669
Cash on deposit with fiscal agents.....	471,364
Investments.....	8,001,092
Deferred yield adjustment for security exchanges.....	118,862
Restricted assets.....	1,100,905
Less restricted assets other than cash and investments.....	(186,241)
Total.....	\$11,426,651

Disclosure regarding deposits and investments plus reconciling items	
Carrying value of deposits.....	\$ 760,651
Carrying value of investments.....	10,665,618
Cash on hand.....	382
Total.....	\$11,426,651

a. Deposits

Deposits include cash and cash equivalents on deposit in banks and non-negotiable certificates of deposit. At June 30, 1990, the carrying amount of the

State's deposits was \$760.7 million with corresponding bank balances of \$865.0 million. Of the bank balance, \$761.0 million was covered by Federal depository insurance or by collateral held by the State or by its agent in the State's name, \$3.3 million was collateralized with securities held by the pledging financial institution's trust department or agent in the State's name, and \$100.7 million was uncollateralized. All deposits under the control of the State Treasurer are fully insured or collateralized.

b. Investments

Legally authorized investments vary by fund, but generally include obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

The State classifies its investments into three risk categories. Category 1 includes investments that were insured or registered or for which the securities were held by the State or its agent in the State's name and investments for which the State has safekeeping responsibilities but no equity or ownership interest or control. Category 2 includes uninsured and unregistered investments for which the securities were held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name. The State's investments by risk category (expressed in thousands) at June 30, 1990, were:

	Category			Carrying Value	Market Value
	1	2	3		
U.S. government securities.....	\$5,893,778	\$ -	\$ 3,073	\$ 5,896,851	\$ 6,226,292
Corporate bonds.....	1,836,079	-	100	1,836,179	1,829,851
Repurchase agreements...	1,184,971	342	-	1,185,313	1,185,313
State institution and mortgage-backed securities.....	590,633	-	-	590,633	590,906
Other.....	184,246	-	373,315	557,561	560,719
Totals and subtotals.....	\$9,689,707	\$342	\$376,488	10,066,537	10,393,081
Investments--securities loan program:					
U.S. government securities.....				598,832	636,040
Corporate bonds.....				249	259
Totals.....				\$10,665,618	\$11,029,380

Notes to the Financial Statements

During the fiscal year ended June 30, 1990, the State committed to purchase up to \$150 million in Mortgage Guaranty Insurance Corporation loan pass-through certificates for the South Carolina Retirement Systems. As of June 30, 1990, no securities had been purchased pursuant to these commitments.

c. Securities Loan Program

Through a safekeeping agent, the State lends securities for a fee from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. Securities loaned and securities taken as collateral are all book-entry securities which are substantially similar in type, rate, and maturity for each transaction. Under this program, the State may demand return within twenty-four hours of any security previously loaned. At June 30, 1990, the State had the following amounts of securities (expressed in thousands) on loan under this program:

Description	Carrying Value
Pooled accounts.....	\$ 85,720
South Carolina Retirement System.....	430,876
Police Officers' Retirement System.....	24,586
Local Government Investment Pool.....	57,799
Total.....	\$599,081

NOTE 5: TAXES RECEIVABLE

Taxes receivable (expressed in thousands) at June 30, 1990, were:

	General Fund	Special Revenue Funds	Trust and Agency Funds
Retail sales and use.....	\$ 86,593	\$23,867	\$ -
Individual income.....	70,950	-	-
Corporate income.....	2,295	-	-
Unemployment.....	-	-	47,721
Gasoline and motor vehicle.....	2,429	33,921	-
Alcoholic beverages and tobacco.....	3,968	-	-
Other.....	8,769	1,364	-
Gross taxes receivable.....	175,004	59,152	47,721
Less: Allowance for uncollectible taxes.....	8,531	3,386	3,124
Net taxes receivable.....	\$166,473	\$55,766	\$44,597

Approximately \$210 million of net taxes receivable pertaining to the General Fund and Special Revenue Funds were current receivables as of June 30, 1990, and were collected within thirty days after that date.

NOTE 6: FIXED ASSETS

Property, plant, and equipment (expressed in thousands) at June 30, 1990, consisted of:

	Enterprise	Internal Service	General Fixed Assets	Higher Education
Land and improvements.....	\$ 104,481	\$ 4,791	\$ 90,263	\$ 87,001
Buildings, improvements, and utility plant.....	2,373,925	118,039	634,926	1,105,591
Machinery, equipment, and other.....	36,826	85,858	654,477	584,658
Construction in progress.....	156,134	5,094	56,114	111,763
Property, plant, and equipment before accumulated depreciation.....	2,671,366	213,782	1,435,780	1,889,013
Less: accumulated depreciation.....	667,950	68,705	-	-
Total property, plant, and equipment, net.....	\$2,003,416	\$145,077	\$1,435,780	\$1,889,013

Changes in general fixed assets (expressed in thousands) for the year ended June 30, 1990, were:

	Balance July 1, 1989	Additions	Retirements	Balance June 30, 1990
Land and improvements.....	\$ 79,900	\$ 10,485	\$ 122	\$ 90,263
Buildings, improvements, and utility plant.....	580,711	54,998	783	634,926
Machinery, equipment, and other.....	603,079	82,197	30,799	654,477
Construction in progress.....	74,365	39,943	58,194	56,114
Total General Fixed Assets.....	\$1,338,055	\$187,623	\$89,898	\$1,435,780

Construction in progress retirements are recorded as additions to other categories of assets.

Outstanding construction commitments at June 30, 1990, totaled \$403.1 million.

NOTE 7: RETIREMENT PLANS

a. Plan Descriptions

The Retirement Division of the State Budget and Control Board maintains four defined benefit retirement systems: the South Carolina Retirement System (SCRS), the South Carolina Police Officers Retirement System (PORS), the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), and the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS). The systems publish their own Component Unit Financial Report.

Notes to the Financial Statements

The systems provide retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

The number of participating employers, the average number of contributing members, and annual payroll amounts (dollars expressed in thousands) for each system for the year ended June 30, 1990, were:

	SCRS	PORS	GARS	JSRS
Number of employers:				
State and schools	107	1	1	1
Other	429	216	-	-
Average number of contributing members:				
State employees	63,647	8,502	170	104
School employees	73,057	-	-	-
Other employees	31,844	7,859	-	-
Covered payroll:				
State	\$1,445,470	\$177,975	\$2,312	\$8,057
Schools	1,503,473	-	-	-
Other	534,280	164,970	-	-
Total payroll (covered and non-covered):				
State	1,566,776	179,501	2,312	8,057

Information regarding membership in the systems at July 1, 1989 (latest available data) was:

	SCRS	PORS	GARS	JSRS
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	137,274	6,767	261	63
Fully vested active employees	96,070	5,760	42	72
Nonvested active employees	64,298	9,655	159	30
Total active employees	160,368	15,415	201	102
Total participants	297,642	22,182	462	165

b. Funding and Benefit Policies

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system. The following paragraphs summarize those requirements.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire at age sixty-five or with thirty years of service at any age receive an annual benefit, payable monthly for life. The benefit is based on length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Effective for the fiscal year beginning July 1, 1989, the annual benefit amount was changed from 1.7% to

1.82% of average final compensation times years of service. Reduced benefits are payable as early as age sixty.

PORS is a cost-sharing multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions. Membership is required as a condition of employment. Both employers and employees must contribute. Benefits vest after five years of service. Vested members who retire with twenty-five years of service receive an annual benefit, payable monthly for life. The benefit is based on length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Effective for the fiscal year beginning July 1, 1989, the annual benefit amount was changed from 2.0% to 2.14% of average final compensation times years of service.

GARS is a single-employer defined benefit pension system that benefits members of the South Carolina General Assembly. Membership is required as a condition of taking office as a member of the General Assembly. Both the members of the General Assembly and the State must contribute. Benefits vest after eight years of service. Vested members who retire at age sixty or at any age with thirty years of service receive an annual benefit, payable monthly for life. Prior to July 1, 1989, the annual benefit amount was 4.5% of earnable compensation times years of service. On July 1, 1989, the annual benefit formula changed to 4.82% of earnable compensation times years of service. Earnable compensation is defined as forty days' pay at the rate currently paid to members of the General Assembly plus \$3,600.

JSRS is a single-employer defined benefit pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors. Membership is required as a condition of taking office as a judge in these courts. Both judges and the State must contribute. Prior to July 1, 1989, members who retired at age seventy-two with ten years service, age seventy with fifteen years service, age sixty-five with twenty years service, or at any age with twenty-five years of service received an annual benefit, payable monthly for life, equal to two-thirds of the current active salary of the position occupied at retirement. On July 1, 1989, the retirement benefit formula changed to 71.3% of the current active salary of the position occupied at retirement.

c. Funding Status and Progress

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits (adjusted for the effects of projected salary increases and step-rate benefits) estimated to be payable in the future as a result of employee service to date. The State discloses this measure to help users of these financial statements to: (1) assess the systems' funding status on a going-concern basis, (2) assess progress toward accumulating sufficient assets to pay benefits

Notes to the Financial Statements

when due, and (3) compare various public employee retirement systems and employers. The measure is the actuarial present value of credited projected benefits. This method is independent of the funding methods the State's consulting actuary uses to determine contributions to the systems.

Significant actuarial assumptions used to compute the pension benefit obligation at July 1, 1989 (latest available data), were:

	SCRS	PORS	GARS	JSRS
Annual interest rate (compounded annually)	8.0%	8.0%	8.0%	8.0%
Inflation	5.0%	5.0%	5.0%	5.0%
Merit or seniority increases	1.5%	2.5%	1.0%	1.5%
Post-retirement benefit increases	4.0%	4.0%	0.0%	4.0%

On July 1, 1989, the annual interest rate assumption for all four plans increased from 7.5% to 8.0%. Salary scales for SCRS and PORS are graded based on age. The above figures are representative of those scales. Projected rates of separation due to withdrawal, death, service retirement, and disability are based on experience of the systems.

Neither SCRS nor PORS separately measures assets and pension benefit obligations for individual employees. The total unfunded pension benefit obligation for each system (expressed in thousands) at July 1, 1989 (latest available data), was:

	SCRS	PORS	GARS	JSRS	Totals
Pension benefit obligation:					
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$3,429,000	\$271,800	\$12,700	\$26,700	\$3,740,200
Current employees--					
Accumulated employee contributions including allocated investment earnings	1,516,200	92,600	2,800	5,100	1,616,700
Employer-financed vested	960,700	94,600	3,600	3,600	1,062,500
Employer-financed nonvested	2,740,200	223,100	4,800	13,500	2,981,600
Total pension benefit obligation	8,646,100	682,100	23,900	48,900	9,401,000
Net assets available for benefits, at cost	6,068,600	553,700	19,300	27,800	6,669,400
Unfunded pension benefit obligation	\$2,577,500	\$128,400	\$ 4,600	\$21,100	\$2,731,600
Net assets available for benefits, at market	\$6,511,900	\$591,700	\$20,700	\$30,100	\$7,154,400

Estimated increases (decreases) in the pension benefit obligation (expressed in millions), resulting from changes made effective July 1, 1989, and described elsewhere within this note are:

	SCRS	PORS	GARS	JSRS
Change in interest assumption	\$(610)	\$(46)	\$(1)	\$(3)
Enhancements in benefit provisions	731	38	1	4
Net impact on pension benefit obligation	\$ 121	\$ (8)	\$ -	\$ 1

d. Contributions Required and Contributions Made

The State's consulting actuary determines employer contributions for all four systems. The systems use the projected benefit method with entry age normal cost and open-end unfunded accrued liability for this purpose. The actuary determines the actuarial present

value of total benefits and allocates pension cost to each year as a level percentage of salary. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the pension benefit obligation, with the following exceptions: (1) Post-retirement benefit increases were projected only for retired members and members eligible to retire under SCRS and PORS. (2) Net assets attributable to the SCRS and PORS group life insurance and the PORS accidental death programs were excluded. At July 1, 1989 (latest available data), the unfunded accrued liability liquidation periods in years were:

SCRS	PORS	GARS	JSRS
20	7	17	27

Changes in actuarial assumptions and benefit provisions made effective July 1, 1989, and described elsewhere within this note, resulted in the following changes in employer contribution rates (expressed as a percentage of compensation):

Notes to the Financial Statements

	SCRS	PORS	GARS	JSRS
Changes in actuarial assumptions.....	(0.95%)	(3.20%)	-	-
Enhancements in benefit provisions.....	1.50%	3.20%	-	-
Totals.....	0.55%	-	-	-

The recommended employer contributions, as percentages of compensation, for the fiscal year ended June 30, 1990, were:

	Normal Cost	Unfunded Accrued Liability	Accidental Death Program	Group Life Insurance Program	Total
SCRS--State and schools.....	3.75%	3.80%	-	0.15%	7.70%
SCRS--other.....	3.75%	2.95%	-	0.15%	6.85%
PORS.....	7.19%	3.11%	0.20%	0.20%	10.70%
JSRS.....	20.62%	19.22%	-	1.09%	40.93%

The State's contribution requirements represented 42% of contributions required of all employers participating in SCRS and 52% of contributions required of all employers participating in PORS.

The employer contribution rate for SCRS increased from 7.0% to 7.55% for State and school employers and from 6.15% to 6.7% for other SCRS employers on July 1, 1989.

For GARS, the State's recommended contribution (expressed in thousands) for the fiscal year ended June 30, 1990, was:

Normal cost.....	\$ 699
Unfunded accrued liability	473
Group life insurance	5
Total.....	\$1,177

By law, employee contribution requirements for the fiscal year ended June 30, 1990, were:

SCRS	6% of salary
PORS	6.5% of salary
GARS	10% of earnable compensation
JSRS	7% of salary

Actual contributions (expressed in thousands) for the fiscal year ended June 30, 1990, were:

	Employer Contributions	Percent of Covered Payroll	Employee Contributions	Percent of Covered Payroll
SCRS--State.....	\$113,169	7.8%	\$ 89,693	6.2%
SCRS--schools.....	116,381	7.7%	93,809	6.2%
SCRS--other.....	37,119	6.9%	33,453	6.3%
PORS--State.....	19,206	10.8%	12,018	6.8%
PORS--other.....	38,477	23.3%	13,217	8.0%
GARS.....	1,177	50.9%	331	14.3%
JSRS	3,298	40.9%	582	7.2%
Totals.....	\$328,827		\$243,103	

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The South Carolina Retirement Systems' Component Unit Financial Report for the fiscal year ended June 30, 1990, presents ten-year historical trend information on pages 33-37. An analysis of funding progress for the three latest available years is:

	SCRS	PORS	GARS	JSRS
Net assets available for benefits as a percentage of the pension benefit obligation				
July 1, 1989.....	70.2%	81.2%	80.9%	56.9%
July 1, 1988.....	73.4%	87.9%	79.2%	46.3%
June 30, 1987.....	74.5%	93.1%	69.8%	38.6%
Unfunded pension benefit obligation as a percentage of annual covered payroll				
July 1, 1989.....	78.0%	42.1%	167.0%	278.0%
July 1, 1988.....	65.0%	24.4%	162.0%	368.0%
June 30, 1987.....	58.7%	12.7%	246.2%	428.4%
State employer contributions as a percentage of annual covered payroll				
June 30, 1990.....	7.7%	16.8%	50.9%	40.9%
June 30, 1989.....	7.1%	10.9%	52.3%	40.9%
June 30, 1988.....	7.1%	7.8%	61.2%	41.0%

For all years shown above, the State's contributions to the systems met the actuarially determined requirements.

f. Supplemental Benefits Funded by General Fund

The State General Assembly has directed the General Fund to pay supplemental (cost-of-living) increases to retirees and fully funds the required amount annually on a "pay-as-you-go" basis. During the fiscal year ended June 30, 1990, the State's General Fund transferred \$8.7 million to the South Carolina Retirement System and the Police Officers' Retirement System for retiree supplemental benefits.

NOTE 8: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension plan and supplemental benefits as described in Note 7, the State cur-

Notes to the Financial Statements

rently provides its retired employees with health care benefits. If this provision remains in effect, substantially all State employees who reach normal retirement age while working for the State will become eligible for those benefits. During the fiscal year ended June 30, 1990, the State's General Fund paid approximately \$40 million for retiree health insurance.

NOTE 9: DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employees of its political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are accounted for as Agency Funds. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 401(k) and 403(b) plans is placed in trust for the contributing employees. The State has no liability for losses under the plans.

Under the Section 457 plan, all deferred compensation, all property or rights of property purchased with amounts deferred, and any income earned on property

purchased remain assets of the employers subject to the claims of the employers' general creditors, one of whom is the employee participant. It is unlikely, however, that the State would ever use plan assets to satisfy claims of the State's general creditors. State law limits the State's financial liability to participants. The State, however, does have the duty of due care that would be required of an ordinary prudent investor. Of the \$320.5 million assets in the Section 457 plan at December 31, 1989, \$180.7 million was applicable to the State while the remaining \$139.8 million represented assets of other participating jurisdictions.

NOTE 10: LEASES AND INSTALLMENT PURCHASES

a. Lease and Installment Purchase Commitments

The State leases land, office facilities, equipment, and other assets under both capital and operating leases. In addition, the State purchases some assets on the installment plan. The present value of future minimum capital lease and installment purchase payments and minimum annual lease payments for operating leases, capital leases, and installment purchases (expressed in thousands) follow:

Fiscal Year Ending June 30	Capital Leases and Installment Purchases				
	Enterprise Funds	Internal Service Funds	Long-Term Obligations Account Group	Higher Education Funds	Operating Leases
1991	\$ 5,599	\$11,002	\$2,689	\$ 3,700	\$19,167
1992	5,477	10,897	2,237	3,036	16,470
1993	5,389	10,727	1,234	2,566	13,185
1994	5,390	7,289	1,014	2,239	11,668
1995	5,377	4,464	68	1,220	8,972
1996 and after	67,504	53,213	13	7,411	22,330
Total minimum payments	94,736	97,592	7,255	20,172	\$91,792
Less: interest and executory costs	28,893	37,044	1,743	6,336	
Present value of net minimum payments	\$65,843	\$60,548	\$5,512	\$13,836	

Operating lease payments during the fiscal year ended June 30, 1990, totaled \$34.5 million.

b. Facilities Leased to Others

Non-State parties lease certain land and facilities from the South Carolina Ports Authority (Ports Authority), an Enterprise Fund, under operating leases. At June 30, 1990, the Ports Authority had leased to others land and facilities costing approximately \$122.5 million with \$42.8 million of related accumu-

lated depreciation. Future minimum payments and rent receipts at June 30, 1990, under these operating leases (expressed in thousands) were:

Notes to the Financial Statements

Fiscal Year Ended June 30	Amount
1991	\$ 8,172
1992	6,674
1993	5,094
1994	4,084
1995	3,497
1996 and after	3,915
Total	\$31,436

NOTE 11: BONDS AND NOTES PAYABLE

a. General Obligation Bonds and Notes

General obligation bonds and notes are backed by the full faith, credit, and taxing power of the State. General obligation bonds and notes (expressed in thousands) outstanding at June 30, 1990, were:

	Bonds	Notes
General Long-Term Obligations Account Group		
School bonds, 4.50% to 9.10%	\$ 2,500	\$ -
Capital improvement bonds, 3.50% to 11.00%	745,990	-
General obligation note payable, 6.05%	-	31,350
Account Group	748,490	31,350
Higher Education Funds		
State institution bonds and notes, 4.00% to 7.14%	11,200	16,871
Totals--general obligation bonds and notes payable	\$759,690	\$48,221

The State has recorded its General Obligation Notes Payable including \$6,200 in unamortized premiums.

At June 30, 1990, \$210 million of capital improvement bonds were authorized but unissued.

The State must pay the debt service on a portion of the bonds and notes outstanding from specific pledged revenues, which revenues are deemed sufficient to pay both principal and interest on the bonds. The following schedule shows this portion of principal (expressed in thousands) outstanding at June 30, 1990:

Type of Bond	Type of Revenue Pledged	Principal Secured by Pledged Revenue
Capital improvement	State income tax	\$25,500
State institution	Tuition	2,150
Total		\$27,650

Unspecified General Fund revenues secure all other general obligation bonds and notes outstanding.

At June 30, 1990, future debt service requirements (expressed in thousands) for general obligation bonds and notes were:

Year Ending June 30	Principal	Interest	Totals
1991	\$115,740	\$ 53,987	\$ 169,727
1992	60,975	46,260	107,235
1993	64,665	41,836	106,501
1994	67,270	37,384	104,654
1995	66,535	32,981	99,516
1996 and after	432,720	133,302	566,022
Totals	\$807,905	\$345,750	\$1,153,655

The General Fund pays all debt service for general obligation bonds and notes recorded in the General Long-Term Obligations Account Group. The Higher Education Plant Funds (Retirement of Indebtedness) pay the debt service for general obligation bonds and notes recorded in the Higher Education Funds.

The State's legal debt margin at June 30, 1990, was \$150.0 million for highway bonds and \$31.9 million for institution bonds.

Rather than directly limiting the amount of outstanding debt, State law imposes a limitation on annual debt service expenditures. The legal annual debt service margin at June 30, 1990, for other general obligation bonds/notes, excluding tax and bond anticipation notes, was \$50.5 million.

b. Revenue Bonds and Notes

Revenue bonds and notes are not backed by the full faith, credit, and taxing power of the State. Revenue bonds and notes outstanding (expressed in thousands) at June 30, 1990, were:

	Bonds	Notes
Enterprise Funds		
Public Service Authority priority obligations, 2.70% to 4.10%	\$ 54,415	\$ -
Public Service Authority electric system expansion revenue bonds, 4.60% to 11.75%	1,758,309	-
Public Service Authority electric revenue bonds, 7.40% to 8.70%	115,415	-
Housing Authority bonds, 5.50% to 13.25%	657,665	-
Education Assistance Authority bonds, 5.30% to 12.00%	172,250	-
Ports Authority bonds, 3.50% to 11.88%	25,735	-
Patriots' Point Development Authority bonds and notes, 7.05% to 8.95%	21,000	38
Research Authority notes, 11.14%	-	6,949
Other Enterprise notes, 11.00%	-	297
Totals--Enterprise Funds	2,804,789	7,284

Higher Education Funds		
Various bonds and notes, 3.00% to 11.00%	167,835	17,561
Totals--revenue bonds and notes payable	\$2,972,624	\$24,845

Notes to the Financial Statements

The State has recorded its revenue bonds payable net of \$36.582 million in unamortized premiums/discounts.

Certain revenue bonds require the individual enterprises to provide sufficient revenue to pay debt service and to fund all necessary expenses to run the enterprises.

At June 30, 1990, there was no revenue debt authorized but unissued.

At June 30, 1990, the State also owed the United States government \$10.152 million for construction of the Trotters Shoals Lake Project. This obligation is included in Other Liabilities in the General Long-Term Obligations Account Group.

The funds that receive the proceeds of bonds and notes have pledged revenues for payment of debt service as follows:

Enterprise Funds

Public Service Authority obligations: Public Service Authority Fund revenues
State Housing Authority bonds: State Housing Authority Fund revenues
Education Assistance Authority bonds: loan repayments and U.S. Commissioner of Education funds (State Education Assistance Authority and Student Loan Corporation Fund)
State Ports Authority bonds: State Ports Authority Fund revenues
Patriots' Point Development Authority bonds and notes: operating revenues of the Patriots' Point Development Authority Fund

Higher Education Funds

Various higher education bonds/notes: various specific higher education revenues

At June 30, 1990, future debt service requirements (expressed in thousands) for revenue bonds and notes were:

Fiscal Year Ending June 30	Principal	Interest	Totals
1991	\$ 101,328	\$ 214,063	\$ 315,391
1992	80,330	208,004	288,334
1993	86,637	202,397	289,034
1994	90,078	196,424	286,502
1995	97,976	189,734	287,710
1996 and after	2,577,702	2,841,039	5,418,741
Totals	\$3,034,051	\$3,851,661	\$6,885,712

c. Defeased Bonds

During its fiscal year ended December 31, 1989, the Public Service Authority, an agency reported in the Enterprise Funds, issued \$189 million in Electric System Expansion Bonds to advance refund \$172 million of its Electric System Expansion Refunding Series Bonds. The new bonds bear an average interest rate of approximately 7.8% while the original bonds averaged approximately 9.3%. The net proceeds of \$187.2 million (after payment of \$0.4 million in underwriting fees and \$1.4 million in original issue discount)

plus an additional \$6.7 million were used to purchase United States government securities. The Authority advance refunded these bonds to reduce its total debt service payments over the next 36 years by approximately \$28 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$10 million. Because the Authority is a regulated utility, it amortizes gains or losses on refunding debt issues over the life of the new issues rather than recognizing such gains or losses as extraordinary items at the date of refunding.

During June 1990, Francis Marion College, an institution reported in the Higher Education Funds, issued \$13.50 million in Student and Faculty Housing Revenue Bonds with an average interest rate of 7.0%. Of the \$13.50 million, \$6.34 million was to advance refund \$5.68 million in Student and Faculty Housing Revenue Bonds with an average interest rate of 9.4%, \$6.63 million was to provide for new construction, and \$0.53 million was to redeem outstanding bonds. The net proceeds of \$6.31 million applicable to the advance refunding (after payment of \$0.03 million in issuance costs) was used to purchase United States government securities. The College advance refunded these bonds to reduce its total debt service payments over the next thirteen years by approximately \$0.36 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$0.17 million.

In prior years, the State defeased certain general obligation and other bonds. For those defeasances involving advance refundings, the proceeds of the new bonds were placed in irrevocable trusts to provide for all future debt service payments on the old bonds. At June 30, 1990, the following outstanding bonds (expressed in thousands) are considered defeased:

	Enterprise Funds	General Long-Term Obligations Account Group	Higher Education Funds
Capital improvement bonds	\$ -	\$115,000	\$ -
Public Service Authority bonds	1,355,295	-	-
Other	-	1,500	57,661
Totals	\$1,355,295	\$116,500	\$57,661

Since adequate funds have been placed with a trustee to pay fully the principal and interest of these bonds, the liabilities are not recorded in these financial statements.

Notes to the Financial Statements

d. No-Commitment Debt

State law authorizes issuance of certain bonds for which the State assumes no responsibility for repayment. These bonds, therefore, do not appear as liabilities in the accompanying financial statements. These bonds provide low-cost capital financing for construction of private facilities deemed to be in the public interest. The State's no-commitment debt includes industrial development bonds, pollution control bonds, airport bonds, educational facilities bonds, certain State Housing Finance and Development Authority Multi-Family Bonds issued since 1985, bonds of the South Carolina Resources Authority, and debt issued by certain other State component units.

e. Commercial Paper Notes

The \$50 million of Commercial Paper Notes in the Enterprise Funds was issued by the Public Service Authority. The Authority has a \$100 million revolving credit agreement to support the issuance of commercial paper.

f. Patriots' Point Development Authority Bonds

Patriots' Point Development Authority (Patriots' Point), is in default on \$21.0 million of revenue bonds secured by the revenue of a planned hotel and marina complex. Additionally, construction in progress includes \$16.316 million of costs incurred for the construction of the hotel and marina. Construction has been halted and the developer is in bankruptcy. These financial statements do not reflect the effects, if any, on the carrying amount of the revenue bonds and construction in progress that may result from actions of the bankruptcy court in accepting a plan of reorganization.

In March 1990, a law was enacted to amend the Authority's charter. Under this law, the Authority may no longer issue revenue bonds, but may issue negotiable notes. Upon the court's resolution of all issues surrounding the development of the hotel and marina to the satisfaction of the State's management, further provisions of the new law would take effect. One such provision would allow the Authority to receive an interest-free, three-year interfund loan for up to \$6 million for the purpose of participating in a court-approved settlement.

g. Issues Subsequent to June 30, 1990

Since July 1, 1990, the State has issued approximately \$124 million of bonds and notes. Of this amount, \$39.125 million of revenue bonds in the Higher Education Funds were issued to advance refund prior issues.

NOTE 12: CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Changes in general long-term obligations (expressed in thousands) for the year ended June 30, 1990, were:

	Balances July 1, 1989	Increases	Decreases	Other	Balances June 30, 1990
Notes payable.....	\$ 500	\$ 31,350	\$ (500)	\$ -	\$ 31,350
General obligation bonds.....	683,240	125,000	(59,750)	-	748,490
Capital leases.....	4,820	4,088	(2,235)	(1,161)	5,512
Compensated absences.....	98,364	59,522	(53,426)	-	104,460
Claims and judgments.....	16,677	2,922	(5,032)	-	14,567
Other long-term obligations.....	15,751	1,650	-	-	17,401
Totals.....	\$819,352	\$224,532	\$ (120,943)	\$ (1,161)	\$921,780

Capital leases totaling \$1.161 million at June 30, 1989, were renegotiated during the fiscal year ended June 30, 1990. The extinguished leases are included in the Other column above, while the new leases are included in the Increases column.

NOTE 13: INTERFUND BALANCES

a. Interfund Assets and Liabilities

Interfund assets and liabilities (expressed in thousands) for each individual fund at June 30, 1990, were:

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Pay- ables	Advances To	Advances From
General						
General Fund.....	\$30,348	\$44,394	\$10,493	\$ 1,738	\$14,729	\$ 9,724
Less: eliminations.....	(29,568)	(29,568)	-	-	-	-
Adjusted General Fund.....	780	14,826	10,493	1,738	14,729	9,724

Notes to the Financial Statements

Fund Type/Fund	Due From	Due To	Interfund Receivables	Interfund Pay- ables	Advances To	Advances From
Special Revenue						
Departmental General Operating Fund	\$ 4,080	\$16,683	\$ 1,000	\$ 7,339	\$ -	\$ 222
Education Improvement Act Fund	771	1,311	-	71	-	3
Repair, Maintenance, and Renovation Fund	1,253	51	-	1,500	-	-
Hazardous Waste Contingency Fund	211	27	-	-	-	-
Highway Department Special Revenue Fund	32,970	12,809	-	-	1,138	-
Water Recreation Resources Fund	96	5	-	-	-	-
Employment Security Assessment Fund	-	177	-	-	-	-
Accommodations Tax Fund	1,665	21	-	-	-	-
Energy Settlement Fund	86	57	-	-	-	-
Omnibus Crime Fund	8	202	25	1	-	2
Medicaid Expansion Fund	186	196	-	-	-	-
Other Special Revenue Funds	232	40	661	-	618	-
Less: eliminations	(13,670)	(13,670)	(1,093)	(1,093)	-	-
Adjusted Special Revenue Funds	27,888	17,909	593	7,818	1,756	227
Capital Projects						
Capital Projects Fund	13,937	1,636	-	-	-	1,138
Less: eliminations	(484)	(484)	-	-	-	-
Adjusted Capital Projects Fund	13,453	1,152	-	-	-	1,138
Enterprise						
Housing Authority	323	127	-	-	-	-
Ports Authority	303	-	-	-	-	-
Patriots' Point Development Authority	-	22	-	-	-	-
Canteens Fund	-	168	-	-	-	-
Patients' Compensation Fund	-	4	-	-	-	-
Other Enterprise Funds	573	4	-	-	-	-
Less: eliminations	(144)	(144)	-	-	-	-
Adjusted Enterprise Funds	1,055	181	-	-	-	-
Internal Service						
Insurance Reserve Fund	1,610	113	2,312	-	28,810	-
Health and Disability Insurance Fund	1,423	-	-	-	-	-
Workers' Compensation Fund	4,446	58	-	3	-	7
State Employee Unemployment Compensation Fund	-	932	-	-	-	-
General Services Fund	564	3,476	1,780	3,883	21,869	40,186
Central Supplies and Equipment Fund	866	31	-	1,000	-	-
Information Resources Management Fund	2,153	170	567	542	1,484	11,748
Motor Pool Fund	765	68	-	44	-	260
Pension Administration Fund	-	97	-	-	-	-
Prison Industries Fund	241	102	-	-	-	-
Other Internal Services Funds	24	34	-	-	-	-
Less: eliminations	(5,081)	(5,081)	(2,857)	(2,857)	(40,359)	(40,359)
Adjusted Internal Service Funds	7,011	-	1,802	2,615	11,804	11,842
Trust and Agency						
Expendable Trust:						
Radioactive Waste Contingency Fund	101	-	-	-	-	-
Unemployment Compensation Benefits Fund	205	-	-	-	-	-
Second Injury Fund	56	124	-	-	-	-
Other Expendable Trust Funds	122	43	-	-	-	-
Nonexpendable Trust	1	-	-	-	-	-
Pension Trust:						
South Carolina Retirement System	9,729	-	-	-	-	-
Police Officers' Retirement System	1,188	-	-	-	-	-
Judges' and Solicitors' Retirement System	24	-	-	-	-	-
Agency Funds:						
Federal Interfund Activity Fund	3,278	2,741	-	-	-	-
Payroll Clearing Fund	32,421	5,260	-	-	-	-
Other Agency Funds	371	61,946	-	-	-	-
Less: eliminations	(43,452)	(43,452)	-	-	-	-
Adjusted Trust and Agency Funds	4,044	26,662	-	-	-	-
Higher Education						
Unrestricted Current Funds	27,823	7,916	-	6	-	14
Restricted Current Funds	3,049	14,733	-	-	-	-
Loan Funds	12	231	-	-	-	-
Endowment and Similar Funds	419	817	-	-	-	-
Unexpended Plant Funds	4,531	2,445	-	-	-	-
Renewal and Replacements Funds	200	-	-	-	-	-
Retirement of Indebtedness Funds	1,403	4,340	-	-	-	-
Investment in Plant Funds	-	-	-	711	-	5,344
Agency Funds	29	485	-	-	-	-
Less: eliminations	(25,575)	(25,575)	-	-	-	-
Adjusted Higher Education Funds	11,891	5,392	-	717	-	5,358
Totals--all funds	\$66,122	\$66,122	\$12,888	\$12,888	\$28,289	\$28,289

Notes to the Financial Statements

b. Inequality of Operating Transfers In and Out

Operating Transfers In exceed Operating Transfers Out by \$3 million because the Public Service Authority, a component unit, reports using a December 31 fiscal year-end. The \$3 million difference represents Operating Transfers In that occurred during January 1 through June 30, 1990, and were reported in the General Fund but were not yet reported as Operating Transfers Out by the Authority.

c. Residual Equity Transfers In and Out

Residual Equity Transfers Out in the Special Revenue Funds and the Capital Projects Fund were recorded as additions to Contributed Capital in the Enterprise Funds and the Internal Service Funds.

The \$0.602 million transferred from the Capital Projects Fund represents capital improvement bond proceeds transferred to the Internal Service Funds. The \$1.020 million transferred from the Special Revenue Funds to the Enterprise Funds represents a contribution to establish a revolving loan fund.

Residual Equity Transfers In and Out of \$3.449 million within the Expendable Trust Funds were to combine the Multi-Family Housing Fund and the Defeasance Trust Fund into Other Expendable Trust Funds. The small size of the residual balances in the combined funds no longer warranted separate reporting.

The \$0.229 million Residual Equity Transfers In and Out within the Internal Service Funds represent the transfer of the administration of the State Health and Disability Insurance Fund from one individual fund to another.

NOTE 14: RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

Reservations represent legally segregated fund equity and amounts that cannot be appropriated for future expenditure. Designations of unreserved fund equity reflect tentative plans for future use of available financial resources.

a. Retained Earnings Reserved for Special Purposes

Retained Earnings Reserved for Special Purposes in the Enterprise Funds primarily consist of balances reserved as required by bond indentures.

b. Reserve for Pensions and Other Benefits

This account includes amounts reserved for pension, group life, and accidental death benefits. It also includes reserves to recognize the restricted nature of the fund balances in the Unemployment Compensation Fund and the Workers' Compensation Second Injury Fund.

c. Reserves in the Higher Education Funds

Outside sources may restrict certain Higher Education Funds' resources. The financial statements present restricted fund balances as reserves. These reserves include reserves for endowments and other higher education restricted funds to be used for special purposes.

Grant monies received from the United States government under certain student loan programs are recorded as Reserved for U.S. Government Grants Refundable. The purpose of this reserve is to indicate that these amounts can neither be appropriated nor expended and to reflect the State's ongoing responsibility to lend the resources only in accordance with applicable Federal program guidelines.

d. General Fund Reserve

The South Carolina Constitution requires that the State maintain a reserve to prevent deficits in the Budgetary General Fund. The reserve is fully funded whenever it equals three percent of the Budgetary General Fund's revenue (budgetary basis) of the latest completed fiscal year.

If the State withdraws funds from the reserve to cover a year-end deficit, it must replace the funds within three years. The Constitution requires that at least one percent of the Budgetary General Fund revenue (budgetary basis) of the latest completed fiscal year, if so much is necessary, be restored each year following the deficit until full funding is achieved.

At June 30, 1990, the reserve's balance was \$87.999 million or \$6.115 million less than full funding of \$94.114 million.

e. Reserve for Inventories

The Governmental Funds reserve a portion of fund balance equal to year-end inventory balances to indicate that the funds are not available for appropriation.

f. Reserves for Loans, Notes Receivable, and Advances to Other Funds

Long-Term Loans, Notes Receivable, and Advances to Other Funds are assets that do not represent expendable available resources. The Governmental Funds, therefore, reserve a corresponding portion of fund balance.

g. Reserve for Appropriations to be Carried Forward

The General Fund does not use encumbrance accounting. The Reserve for Appropriations to be Carried Forward, however, is used in situations where the General Assembly has authorized Budgetary General Fund appropriations to be carried forward to the next fiscal year.

Notes to the Financial Statements

h. Reserve for Endowment and Similar Funds

This reserve recognizes restrictions placed on resources provided by donors. In the Fiduciary Fund Types, the reserve represents amounts donated to State-owned secondary schools.

i. Reserve for School Building Aid

General Fund appropriations for school building aid do not lapse at year-end. Such amounts are reserved for State school districts until approved for use.

j. Reserve for Encumbrances

Although not required by State law, some component units use encumbrance accounting. These component units record a reserve for encumbrances.

k. Reserve for Other Special Purposes--Special Revenue Funds

The Reserve for Other Special Purposes within the Special Revenue Funds primarily consists of prepaid expenses of the Department of Highways and Public Transportation.

l. Designation for Special Purposes

Amounts Designated for Special Purposes in the Special Revenue Funds consist generally of Department of Highways and Public Transportation resources which are designated for subsequent years' expenditures, primarily for highway maintenance.

m. Designated for Capital Expenditures

The State reports the fund balance in the Capital Projects Fund as Designated for Capital Expenditures.

n. Designation for Quasi-Endowments

The Designation for Quasi-Endowments includes resources that the State's higher education institutions intend to use in a manner similar to endowments in future years.

NOTE 15: RELATED ORGANIZATIONS

These financial statements exclude certain related foundations and other organizations. (See also Note 1a, Scope of Reporting Entity.)

The most significant of these organizations include: the Carolina Research and Development Foundation; the University of South Carolina Educational Foundation; the University of South Carolina Business Partnership Foundation; the Coastal Educational Foundation, Inc., of the University of South Carolina; Richland Memorial Hospital/University of South Carolina School of Medicine Educational Foundation; the Carolina Auxiliary Services; the Carolina Piedmont

Foundation, Inc.; the Clinical Faculty Practice Plan of the University of South Carolina; the Clemson University Foundation; the Clemson University Research Foundation; the Clinical Professional Staff of the Medical University of South Carolina; the Health Sciences Foundation of the Medical University of South Carolina; the Educational Television Endowment of South Carolina; the College of Charleston Foundation; the Lander Foundation; the Winthrop College Foundation; the Alumni Association of Winthrop College; the Francis Marion College Foundation; the Citadel Development Foundation; the Association of Citadel Men; the Citadel's Brigadier Club; and the Friends of the State Museum.

Those organizations above that are related to higher education report total assets of approximately \$201 million. During the fiscal year ended June 30, 1990, the State entered into various transactions with these organizations. Approximate amounts within the State's Higher Education Funds that represented transactions with these organizations include: receivable from foundations--\$4.1 million; donations of cash and other assets from foundations--\$43.2 million; expenditures (rental of foundation-owned property)--\$3.1 million; and reimbursements to the State for expenses/expenditures the State incurred on behalf of foundations--\$929 thousand.

During the fiscal year ended June 30, 1990, the Educational Television Endowment of South Carolina disbursed approximately \$5.8 million on behalf of the State for programs, development, advertising, and other costs.

NOTE 16: SEGMENT INFORMATION--ENTERPRISE FUNDS

The State groups its Enterprise Funds into several segments which are included in the following table. The Public Service Authority produces and sells electric power. The State Housing Finance and Development Authority (Housing Authority) provides low-cost housing to the State's citizens by issuing bonds/notes and by administering Federal contracts and grants. The Ports Authority develops and maintains State harbors and seaports and handles the commerce through these ports. The Education Assistance Authority (including both the State Education Assistance Authority and the South Carolina Student Loan Corporation) makes loans to eligible students. The Research Authority develops/markets a system of research parks and develops/manages several research and development contracts. The Other segment includes the Patients' Compensation Fund, the Public Railways Commission, the Patriots' Point Development Authority, the Canteens Fund, and Other Enterprise Funds.

Segment financial information (expressed in thousands) for the fiscal year ended June 30, 1990, follows:

Notes to the Financial Statements

	Public Service Authority	Housing Authority	Ports Authority	Education Assistance Authority	Research Authority	Other	Elimi- nations	Totals
Operating revenues.....	\$ 554,794	\$ 70,853	\$ 45,098	\$ 13,524	\$28,413	\$24,587	\$ -	\$ 737,269
Depreciation and amortization expense.....	79,715	255	10,086	78	805	647	-	91,586
Operating income (loss).....	168,559	8,264	7,890	(2,452)	1,484	7,049	-	190,794
Federal revenue.....	-	11,440	-	9,342	-	6,802	-	27,584
Operating transfers:								
In.....	-	474	-	3,300	-	51	(458)	3,367
Out.....	(5,366)	(458)	-	-	-	(1,000)	458	(6,366)
Extraordinary gain (loss).....	-	-	8,720	-	38	(1,268)	-	7,490
Net income.....	38,126	8,444	18,524	11,416	756	11,861	-	89,127
Current capital contributions.....	-	-	303	-	155	1,475	-	1,933
Property, plant, and equipment:								
Additions.....	84,644	53	25,456	129	514	416	-	111,212
Retirements.....	6,566	-	8,080	20	253	421	-	15,340
Net working capital.....	29,235	(34,339)	17,546	(5,695)	3,107	4,129	-	13,983
Total assets.....	2,721,421	774,303	256,757	225,383	27,548	92,343	(144)	4,097,611
Bonds and other long-term liabilities payable from operating revenues.....	2,047,643	647,390	25,449	154,620	7,104	1,971	-	2,884,177
Total fund equity.....	530,935	85,260	212,298	46,881	13,867	35,921	-	925,162

NOTE 17: EXTRAORDINARY
GAINS AND LOSSES

The net Extraordinary Gain of \$7.490 million in the Enterprise Funds consists of \$9.076 million of gains and a \$1.586 million loss. The gains are the result of insurance proceeds received in excess of the recorded values for property damaged or destroyed by Hurricane Hugo in September 1989. The loss represents the expensing of debt issuance costs of the bonds of the Patriots' Point Development Authority since the bonds are in default.

NOTE 18: DEFICIT RETAINED
EARNINGS

Individual funds with deficit retained earnings (expressed in thousands) at June 30, 1990, were:

Fund Type/Fund	Amount of Defi- cit
Internal Service Funds	
Workers' Compensation Fund.....	\$14,386
General Services Fund.....	7,658
Enterprise Funds	
Patriots' Point Development Authority.....	5,028

The Workers' Compensation Fund, a risk management fund, had deficit retained earnings because the State recorded liabilities on the accrual basis both for claims known but not paid and for claims incurred but not reported in this fund. The deficit arose because the State funds its risk management activities on a pay-as-you-go basis, not on an accrual basis.

The primary function of the General Services Fund is rental of State-owned office space to other State

agencies. The deficit resulted because rental and other fees were based on projected cash needs rather than consideration of accrual-basis amounts.

The Patriots' Point Development Authority has negative retained earnings because of a development project halted before completion. Bonds issued to finance the project are in default, and the developer is in bankruptcy. The Authority has charged unamortized debt issuance costs to expense and is accruing interest which it has no resources to pay. Because the project is not producing revenue, a deficit will accumulate until the matter is settled in bankruptcy court.

NOTE 19: JOINT OPERATION

The Summer Nuclear Station is a joint operation owned by the Public Service Authority, a regulated electric utility reported within the State's Enterprise Funds, and the South Carolina Electric and Gas Company, a non-governmental electric utility. The Public Service Authority owns an undivided one-third interest in the Station while South Carolina Electric and Gas owns an undivided two-thirds interest. South Carolina Electric and Gas is solely responsible for the Station's management, budgeting, operation, maintenance, and decommissioning. The Public Service Authority receives one-third of the net electricity that the Station generates in return for paying one-third of the Station's costs.

In accordance with regulatory accounting practices, the State's Enterprise Funds at June 30, 1990, include Property, Plant, and Equipment of \$426 million and expenses of \$37.7 million which represent the State's interest in this joint operation. The State has financed its interest in the joint operation with long-term debt.

Notes to the Financial Statements

The Summer Nuclear Station is not a separate legal entity and does not prepare separate financial statements.

NOTE 20: CONTINGENCIES

a. Litigation

- (i) The State is involved in several significant legal proceedings:

As a result of a United States Supreme Court ruling, the State passed legislation to tax State retirees' pension income to the same extent as Federal retirees' pension income. Litigation initiated by individual plaintiffs during the fiscal year ended June 30, 1989, sought refunds for taxes paid by Federal retirees prior to this legislation. Since the issue of allowing Federal retirees to claim refunds was not resolved by the United States Supreme Court ruling, cases are pending in the court seeking tax refunds for Federal retirees. During the fiscal year ended June 30, 1990, the State Supreme Court ruled in favor of the State. The plaintiffs have filed a Petition for Writ of Certiorari requesting that the United States Supreme Court consider this issue. The petition is pending, and the State is opposing issuance of the Writ. Also during the fiscal year ended June 30, 1990, another group of plaintiffs initiated litigation based on the same issues as described above. This case is pending in the State trial court. Counsel for the State believes that the rulings on the first case may affect the disposition of this case.

The State is involved in litigation that challenges its Beach Management Act. The Act provides for beach protection through a forty-year program to restore the beach and dune system to its natural dynamic equilibrium. The Act contains certain prohibitions against building and against rebuilding in the event that currently existing structures are demolished. The Act provides limited remedies in those cases where it is determined that the rebuilding prohibition deprives the owner of the practical use of the property. Three of the cases that challenged the constitutionality of the Act as applied to certain pieces of property resulted in trial court judgments against the State. The State appealed these judgments to the South Carolina Supreme Court. The State Supreme Court remanded these actions to the trial court with instructions to determine the effect of the 1990 amendments to the Act. Counsel for the State believes that there is a reasonable possibility that the judgments will be vacated or modified. There are several other cases raising similar claims.

Individual plaintiffs are challenging State legislation that requires troopers of the State Highway Patrol to retire at age sixty-two. The plaintiffs contend that this legislation violates the Federal Age Discrimination in Employment Act. The State, however, contends that its law does not

violate the Federal act because the age requirement is a bona fide occupational qualification. This case is presently pending in Federal court.

It is presently not possible for the Attorney General's Office to determine the final outcome of pending cases. Should all of these cases have unfavorable outcomes, the State could incur additional losses up to approximately \$418 million.

- (ii) Included in the State's litigation is a claim filed by the Catawba Indian Nation that seeks recovery of approximately 144,000 acres of land in two of the State's counties. In the early eighteenth and nineteenth centuries, the State purchased this land from the Catawba Indian Nation. The State then sold the land to private citizens. Because the State was a participant in acquiring the land, the State may participate in any unfavorable outcomes. Some similar cases in other states have been settled through Federal legislation which provided for funding to be shared in part by both the Federal and state governments. This case has been pending in the courts for several years and is expected to take several more years to resolve.
- (iii) The State presently is involved in a matter pending before the Federal courts concerning the operation of a school district. Injunctive relief granted against the State could result in the State being required to provide specific services and make certain capital expenditures. Any such expenditures would probably occur over several fiscal years. During the fiscal year ended June 30, 1990, the United States District Court issued a judgment in favor of the State. The plaintiffs have appealed this ruling.
- (iv) The State is threatened with a class-action lawsuit concerning its juvenile detention system. The suit is expected to request the State to provide specific services for its juvenile population and to make certain capital improvements to relieve overcrowding. It is presently not possible to determine if the suit will be filed and, if filed, what the potential outcome would be.
- (v) The State is involved in other legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes cases involving the legality of certain taxes assessed by the State, claims asserted against the State arising from alleged torts, and possible violations of State and Federal laws. Unfavorable outcomes in these matters could result in the State incurring losses. These losses are not expected to have a material, adverse impact on the financial position of the funds involved.

b. Loan Guarantees

The State Education Assistance Authority (SEAA) within the State's Enterprise Funds guarantees student loans. At June 30, 1990, these loans totaled \$207.3 million. The United States Department of

Notes to the Financial Statements

Education (DOE) ordinarily reinsures losses under these guarantees up to 100%. If the loan default rate exceeds 5% of the loans in repayment status, however, the DOE decreases the reinsurance rate. The State's default rate at June 30, 1990, was less than 2%.

c. Federal Grants

The State receives significant Federal grant and entitlement revenues. Compliance audits of Federal programs may identify disallowed expenditures. Disallowances by Federal program officials as a result of these audits may become liabilities of the State. The State has recorded liabilities of approximately \$1.1 million as a result of audit disallowances and questioned costs pending at June 30, 1990, that will probably result in audit disallowances. The State could incur additional losses up to \$4.2 million should pending questioned costs result in unfavorable outcomes.

It is presently not possible for management to determine the outcome of the pending audit disallowances. Based on an analysis of historical data, however, the State believes that any required reimbursements relating to the fiscal year ended June 30, 1990, or earlier years will not have a material impact on the State's financial position.

d. Coal Purchase Commitments

The Public Service Authority, an electric utility company reported in the Enterprise Funds, has committed to acquire coal under four long-term contracts with terms extending from three to fourteen years. Based on current prices, the coal purchase commitment approximates \$1.1 billion. The commitment is subject to certain terms and conditions, including price and tonnage adjustments.

NOTE 21. HURRICANE DAMAGE

On September 21, 1989, Hurricane Hugo struck the South Carolina coast and continued inland causing catastrophic damage to twenty-four of the State's forty-six counties. All twenty-four of these counties were declared Federal disaster areas.

Hurricane damage to State-owned property exceeded \$186 million. The cost to repair or replace hurricane-damaged property has been borne primarily by the State's Insurance Reserve Fund, a risk management fund, and by the Federal government for assets not

covered by the Insurance Reserve Fund. Losses to State-owned property covered by the Insurance Reserve Fund exceeding the State's \$5 million deductible have been borne by private insurance companies with whom the State Insurance Reserve Fund reinsures its risk.

The Federal Emergency Management Agency (FEMA) is providing the State and its citizens financial assistance through two programs. FEMA's Public Assistance Program assists in restoring publicly-owned property damaged or destroyed during a disaster. FEMA's Individual and Family Grant Recovery Program assists disaster victims in meeting expenses which cannot be met through insurance, bank loans, and other disaster assistance programs.

Under the Public Assistance Program agreement, the State is required to contribute not more than \$8.25 million. The State paid \$3.30 million during the fiscal year ended June 30, 1990. The remaining \$4.95 million will be paid over the next two years. The current portion of this liability has been recorded in the General Fund, and the long-term portion has been recorded in the General Long-Term Obligation Account Group. FEMA is bearing the remaining costs. Under the Individual and Family Grant Recovery Program agreement, the State paid \$17.8 million during the fiscal year ended June 30, 1990, and FEMA is bearing the remaining costs.

NOTE 22. FLOOD DAMAGE SUBSEQUENT TO JUNE 30, 1990

In October 1990, heavy rains caused extensive damage in twelve of the State's forty-six counties. All twelve counties were declared Federal disaster areas. The State estimates that damage to State-owned property was negligible.

The Federal Emergency Management Agency (FEMA) is providing financial assistance through two programs. The State administers these programs and shares in the cost.

Under the Public Assistance Program, the estimated liability is \$3.8 million. FEMA will contribute \$2.8 million toward meeting these costs while the State will pay \$1.0 million. Under the Individual and Family Grant Program, the estimated liability is \$1.0 million of which FEMA will pay \$0.7 million and the State will pay \$0.3 million.

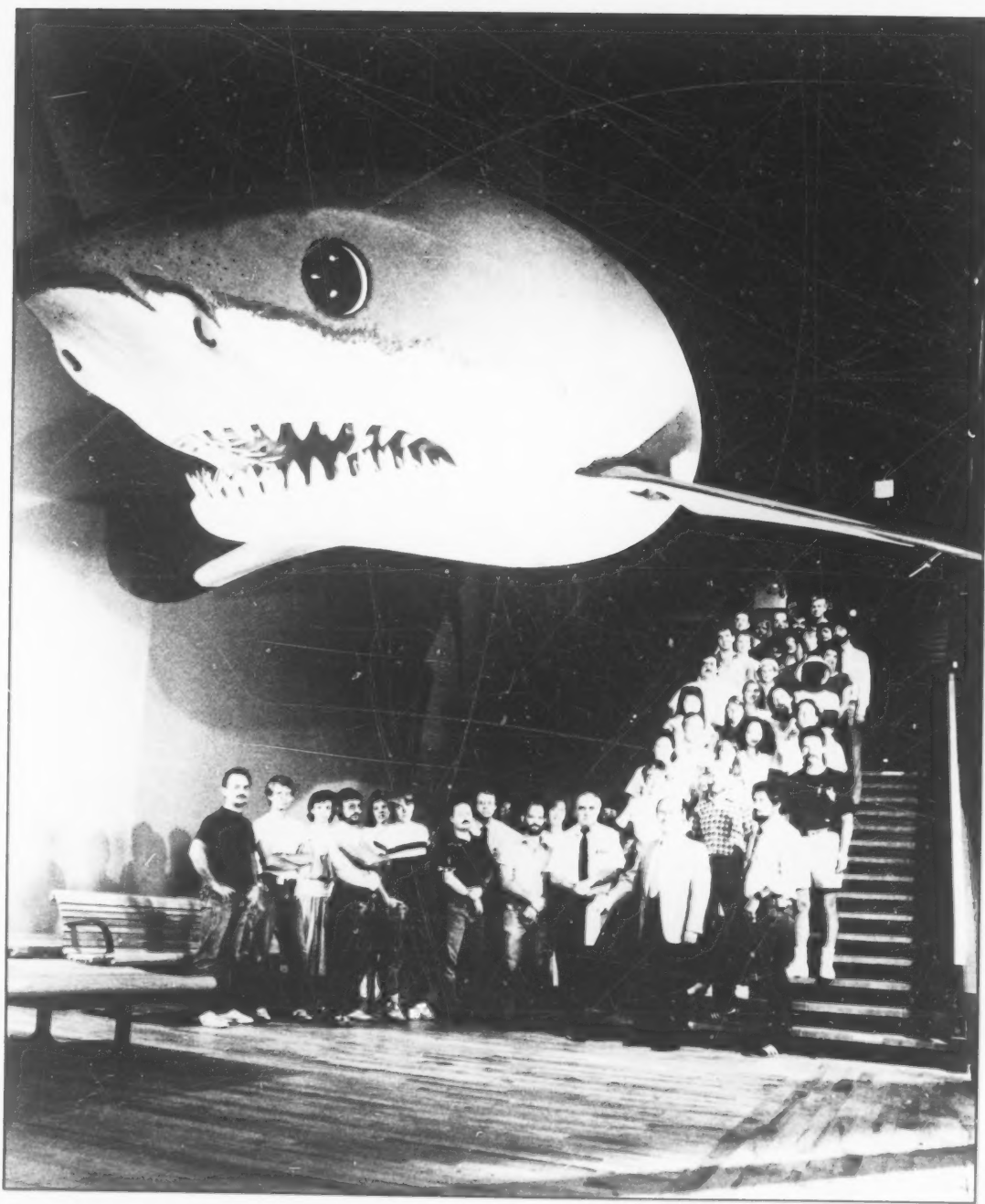


The elegance of Charleston's waterfront battery is a familiar scene for visitors and one of many landmarks which have withstood the pounding seas and storms of the city's distant and recent past.



For surf fishermen, nothing could be finer than South Carolina at dawn. Whether the fish are biting or not, a coastal sunrise is a memorable experience.

**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES**



In prehistoric times, much of South Carolina's Lowcountry was covered by ocean, and large sharks roamed the waters. The State Museum in Columbia now displays such features of the State's history, and has become a popular destination for visitors.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources (other than for Capital Projects, Trust, and Higher Education Funds) that are legally restricted for specified purposes. The State uses the following Special Revenue Funds:

Departmental General Operating Fund. This fund accounts for resources that are part of a particular State component unit's or agency's General Fund but are not part of the State's General Fund. These resources include significant amounts of Federal grant receipts.

Education Improvement Act Fund. This fund accounts for the special additional one-percent sales tax levied to be used exclusively for improvements in elementary and secondary education.

Repair, Maintenance, and Renovation Fund. This fund accounts for State bond proceeds and other permanent improvement project resources to be expended for approved repair, maintenance, renovation, and alteration projects.

Hazardous Waste Contingency Fund. This fund accounts for fees collected from generators of hazardous wastes and from owners and operators of hazardous waste storage facilities. These fees must be used to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Highway Department Special Revenue Fund. This fund accounts for the various gasoline taxes, fees, fines, and Federal grant resources used by the Department of Highways and Public Transportation for its general operations. These operations include highway maintenance and repair, highway safety and law enforcement, and licensing/registration of drivers and vehicles.

Water Recreation Resources Fund. The revenues in this fund come from watercraft gasoline taxes. These revenues must be used for water recreational resources and are allocated to counties for this purpose.

Employment Security Assessment Fund. This fund accounts for assessments made on employers to cover the administrative costs of the Employment Security Commission. These revenues must be used by the Employment Security Commission in assisting with re-employment, supplementing basic employment services, and providing employment services.

Accommodations Tax Fund. This fund accounts for a special additional two-percent sales tax on the gross proceeds on the rental of transient accommodations. These revenues are allocated to counties in accordance with State law. State law also specifies how the counties must use these allocations.

Energy Settlement Fund. Revenues received from court-ordered settlements resulting from oil overcharges by various oil companies are accounted for in this fund. These resources must be used for energy-related programs designed to benefit all categories of the State's petroleum product consumers.

Omnibus Crime Fund. This fund accounts for court fees remitted to the State by local court systems under the Omnibus Crime Act of 1984. These fees must be used for certain programs administered by the Department of Parole and Community Corrections.

Medicaid Expansion Fund. Resources of this fund include county assessments for indigent medical care and a tax on licensed hospitals. The fund was established to provide Medicaid coverage to persons formerly ineligible for such coverage and to provide additional State matching funds for Medicaid.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues which must be used for specific purposes. These include operations of various agricultural boards, forest renewal programs, and medical and dental scholarships.



South Carolina's celebrated Grand Strand stretches 60 miles along the Atlantic coast and attracts hundreds of thousands of visitors each year. Myrtle Beach is in the heart of the Strand, and its large hotels provide lodging for many of the visitors.

State of South Carolina

Combining Balance Sheet

SPECIAL REVENUE FUNDS

June 30, 1990

(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Hazardous Waste Contingency	Highway Department Special Revenue	Water Recreation Resources
ASSETS						
Cash and cash equivalents	\$100,876	\$26,762	\$5,120	\$19,300	\$240,959	\$3,720
Investments	63	-	-	-	-	-
Receivables, net:						
Accounts	30,562	1,095	-	236	2,479	-
Taxes	-	21,308	-	-	30,901	97
Loans and notes	19,232	-	-	-	-	-
Due from Federal government and other grantors	153,787	-	882	-	399	-
Due from other funds	4,080	771	1,253	211	32,970	96
Interfund receivables	1,000	-	-	-	-	-
Advances to other funds	-	-	-	-	1,138	-
Inventories	6,705	-	-	-	14,688	-
Other assets	-	-	-	-	1,800	-
Total assets	\$316,305	\$49,936	\$7,255	\$19,747	\$325,334	\$3,913
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$111,788	\$ 991	\$1,492	\$ 500	\$ 23,750	\$ 36
Tax refunds payable	-	-	-	-	51	1
Intergovernmental payables	47,969	3,054	-	-	-	5
Due to other funds	16,683	1,311	51	27	12,809	5
Interfund payables	7,339	71	1,500	-	-	-
Advances from other funds	222	3	-	-	-	-
Deferred revenues	27,747	433	-	-	323	2
Deposits	-	-	-	-	100	-
Other liabilities	22	-	22	-	7,705	-
Total liabilities	211,770	5,863	3,065	527	44,738	49
Fund balances:						
Reserved for:						
Inventories	6,705	-	-	-	14,688	-
Advances to other funds	-	-	-	-	1,138	-
Long-term loans and notes receivable	19,232	-	-	-	-	-
Other special purposes	-	-	-	-	1,800	-
Unreserved:						
Designated for special purposes	-	-	-	-	194,251	-
Undesignated	78,598	44,073	4,190	19,220	68,719	3,864
Total fund balances	104,535	44,073	4,190	19,220	280,596	3,864
Total liabilities and fund balances ..	\$316,305	\$49,936	\$7,255	\$19,747	\$325,334	\$3,913

State of South Carolina

Employment Security Assessment	Accom- modations Tax	Energy Settlement	Omnibus Crime	Medicaid Expansion	Other Special Revenue	Elimina- tions	Totals
\$2,529	\$4,316	\$36,704	\$2,136	\$2,686	\$ 6,407	\$ -	\$451,515
-	-	-	-	-	-	-	63
-	-	411	-	57	240	-	35,080
1,312	2,148	-	-	-	-	-	55,766
-	-	-	-	-	1,981	-	21,213
-	-	-	-	-	505	-	155,573
-	1,665	86	8	186	232	(13,670)	27,888
-	-	-	25	-	661	(1,093)	593
-	-	-	-	-	618	-	1,756
-	-	-	-	-	-	-	21,393
-	-	-	-	-	-	-	1,800
<u>\$3,841</u>	<u>\$8,129</u>	<u>\$37,201</u>	<u>\$2,169</u>	<u>\$2,929</u>	<u>\$10,644</u>	<u>\$(14,763)</u>	<u>\$772,640</u>
\$ 197	\$ -	\$ 815	\$ 255	\$ 41	\$ 79	\$ -	\$139,944
-	-	-	-	-	-	-	52
-	7,980	93	-	-	141	-	59,242
177	21	57	202	196	40	(13,670)	17,909
-	-	-	1	-	-	(1,093)	7,818
-	-	-	2	-	-	-	227
58	88	-	-	-	-	-	28,798
-	-	-	-	-	147	-	100
-	-	-	-	-	-	-	7,749
<u>432</u>	<u>8,089</u>	<u>965</u>	<u>460</u>	<u>237</u>	<u>407</u>	<u>(14,763)</u>	<u>261,839</u>
-	-	-	-	-	-	-	21,393
-	-	-	-	-	618	-	1,756
-	-	-	-	-	1,979	-	21,211
-	-	-	-	-	-	-	1,800
-	-	-	-	-	-	-	194,251
<u>3,409</u>	<u>40</u>	<u>36,236</u>	<u>1,709</u>	<u>2,692</u>	<u>7,640</u>	<u>-</u>	<u>270,390</u>
<u>3,409</u>	<u>40</u>	<u>36,236</u>	<u>1,709</u>	<u>2,692</u>	<u>10,237</u>	<u>-</u>	<u>510,801</u>
<u>\$3,841</u>	<u>\$8,129</u>	<u>\$37,201</u>	<u>\$2,169</u>	<u>\$2,929</u>	<u>\$10,644</u>	<u>\$(14,763)</u>	<u>\$772,640</u>

State of South Carolina

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

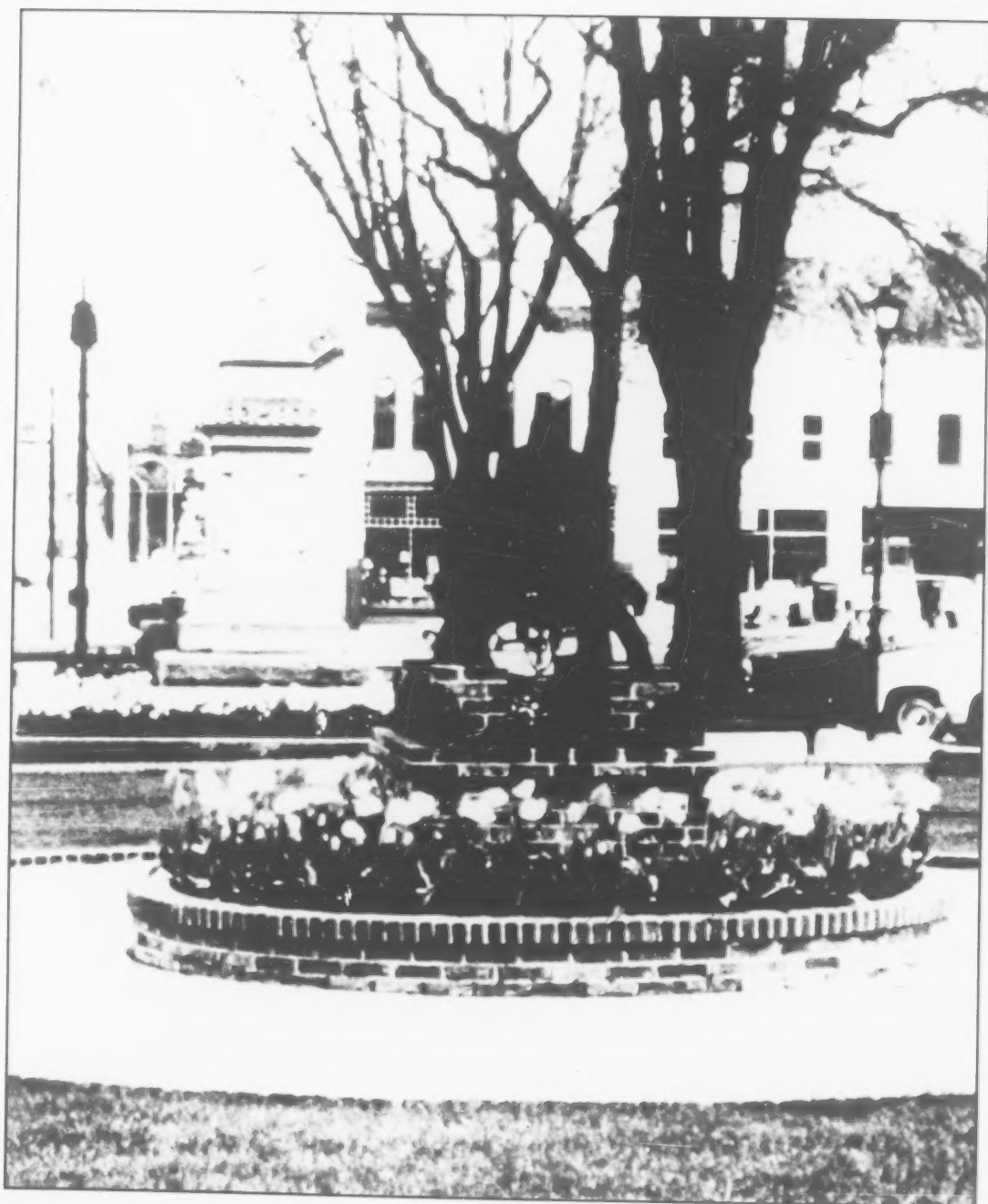
SPECIAL REVENUE FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	Departmental General Operating	Education Improvement Act	Repair, Maintenance, and Renovation	Hazardous Waste Contingency	Highway Department Special Revenue	Water Recreation Resources
Revenues:						
Taxes	\$ 2,727	\$287,170	\$ 29	\$ -	\$ 332,996	\$ 974
Licenses, fees, and permits	16,113	67	-	6,278	86,992	-
Interest and other investment income	731	2,085	-	1,342	7,426	-
Federal	1,456,449	-	1,155	-	6,499	-
Departmental services	88,393	-	1,174	391	9,520	-
Contributions	14,275	-	-	-	-	-
Other	38,640	-	2,994	-	1,997	6
Total revenues	1,617,328	289,322	5,352	8,011	445,430	980
Expenditures:						
Current:						
General governmental	24,362	71	1,491	-	-	-
Education	81,994	9,028	298	-	-	-
Individual and family services	1,061,963	5,072	2,960	2,609	-	-
Administration of justice	16,340	622	3,128	-	-	-
Resources and economic development ..	47,141	-	2,572	-	-	482
Transportation	254	-	36	-	262,158	-
Capital outlay	-	-	-	-	25,854	-
Debt service:						
Principal retirement	1,005	-	-	-	-	-
Interest and fiscal charges	126	-	-	-	-	-
Intergovernmental	391,147	264,973	-	-	-	136
Total expenditures	1,624,332	279,766	10,485	2,609	288,012	618
Revenues over (under) expenditures	(7,004)	9,556	(5,133)	5,402	157,418	362
Other financing sources (uses):						
Lease and installment debt proceeds	917	-	-	-	-	-
Operating transfers in	52,709	-	8,426	-	14,809	-
Operating transfers out	(25,333)	(5,317)	(1,317)	-	(136,751)	-
Total other financing sources (uses)	28,293	(5,317)	7,109	-	(121,942)	-
Revenues and other sources over (under) expenditures and other uses	21,289	4,239	1,976	5,402	35,476	362
Fund balances, July 1, 1989	83,803	39,834	2,214	13,818	242,844	3,502
Increases in reserve for inventories	463	-	-	-	2,276	-
Residual equity transfers out	(1,020)	-	-	-	-	-
Fund balances, June 30, 1990	\$ 104,535	\$ 44,073	\$ 4,190	\$19,220	\$280,596	\$3,864

Employment Security Assessment	Accom- modations Tax	Energy Settlement	Omnibus Crime	Medicaid Expansion	Other Special Revenue	Elimina- tions	Totals
\$ 5,228	\$12,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,576
-	-	-	1,350	-	1,323	-	112,123
-	-	3,091	-	383	309	-	15,367
-	-	-	-	-	504	-	1,464,607
-	-	-	-	-	293	-	99,771
-	-	-	-	11,551	-	-	25,826
-	-	2,156	4,863	4,734	143	-	55,533
<u>5,228</u>	<u>12,452</u>	<u>5,247</u>	<u>6,213</u>	<u>16,668</u>	<u>2,572</u>	<u>-</u>	<u>2,414,803</u>
6,683	-	498	-	-	3,338	-	36,443
-	-	-	-	-	-	-	91,320
-	-	-	-	13,976	238	-	1,086,818
-	-	-	9,228	-	148	-	29,466
-	-	-	-	-	705	-	50,900
-	-	-	-	-	-	-	262,448
-	-	-	-	-	-	-	25,854
-	-	-	1	-	-	-	1,006
-	-	-	-	-	-	-	126
-	12,458	5,130	-	-	1,043	-	674,887
<u>6,683</u>	<u>12,458</u>	<u>5,628</u>	<u>9,229</u>	<u>13,976</u>	<u>5,472</u>	<u>-</u>	<u>2,259,268</u>
(1,455)	(6)	(381)	(3,016)	2,692	(2,900)	-	155,535
-	-	-	-	-	-	-	917
-	-	-	-	-	3,541	(53,726)	25,759
-	-	-	-	-	(40)	53,726	(115,032)
-	-	-	-	-	3,501	-	(88,356)
(1,455)	(6)	(381)	(3,016)	2,692	601	-	67,179
4,864	46	36,617	4,725	-	9,636	-	441,903
-	-	-	-	-	-	-	2,739
-	-	-	-	-	-	-	(1,020)
<u>\$ 3,409</u>	<u>\$ 40</u>	<u>\$36,236</u>	<u>\$ 1,709</u>	<u>\$ 2,692</u>	<u>\$10,237</u>	<u>\$ -</u>	<u>\$ 510,801</u>



The town of Abbeville, over 230 years old, preserves the authentic look of Upcountry South Carolina at the turn of the century. Around its traditional town square, Abbeville's Opera House, shops, lodgings and restaurants retain a link to the past which makes it a valued part of the State's heritage.

Enterprise Funds

Enterprise Funds account for business-like State activities that provide goods and/or services to the public. These funds are financed primarily through user charges. The State maintains the following Enterprise Funds:

Public Service Authority. The Public Service Authority produces and sells electric power to individuals, businesses, electric cooperatives, and municipal power departments.

Housing Authority. The State Housing Finance and Development Authority facilitates medium-income and low-income housing opportunities by providing reasonable financing to the State's citizens. To provide such financing, the Authority issues bonds and notes and administers Federal grants and contracts. The Authority is supported primarily by mortgage interest.

Ports Authority. The Ports Authority develops and maintains State-owned harbors and seaports. It handles the commerce through these harbors and is responsible for the operation of six ocean terminals. The Authority operates on fees charged to users of the facilities and services of the Ports Authority.

Public Railways Commission. The Public Railways Commission owns and operates railroad lines, yards, and switching activities near or around certain State ports. The Commission's operations are financed by user charges and leasing fees.

Patriots' Point Development Authority. The Patriots' Point Development Authority is responsible

for developing and operating the Patriots' Point area near Charleston, including a Naval Museum. The Authority is supported by user fees.

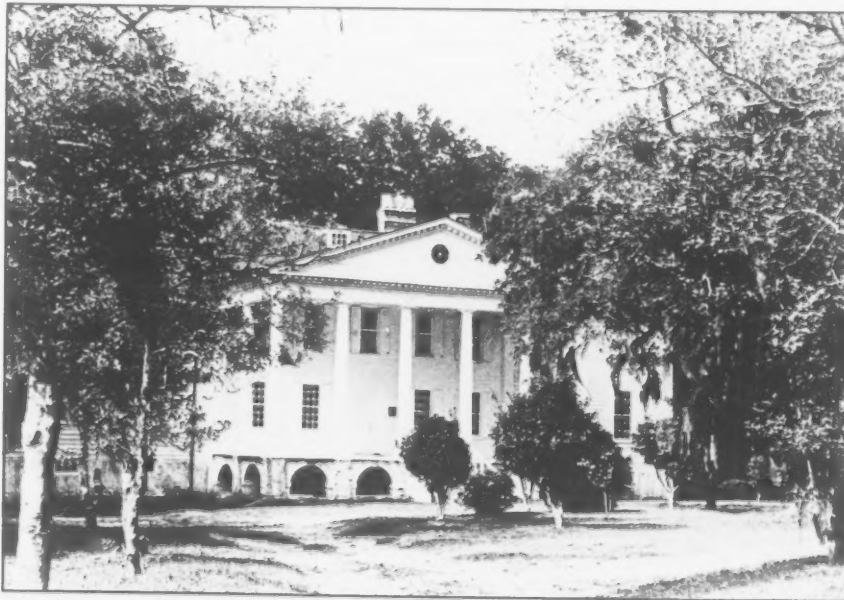
Canteens Fund. This fund accounts for certain self-supporting canteen operations at State institutions. These canteens serve the institutions' inmates, patients, and visitors.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State.

Education Assistance Authority. This fund includes the operations of the State Education Assistance Authority and the South Carolina Student Loan Corporation. The Authority issues bonds and makes loans to students of the State to enable them to attend higher education institutions. Resources include interest charges, subsidies from the United States Department of Education, investment earnings, and some State appropriations.

Research Authority. The South Carolina Research Authority is developing and marketing a system of research parks as well as developing and managing research and development contracts. The Authority's purpose is to foster research capabilities in the State's public and private universities.

Other Enterprise Funds. Other enterprise activities of the State include: the Carolina Cup Racing Association, Inc.; the Carolina Capital Investment Corporation; Enterprise Development, Inc.; Savannah Lakes Regional Loan Fund; and certain other programs of the Jobs Economic Development Authority.



Reminders of antebellum South Carolina live on at Hampton Plantation in McClellanville, the home of the late poet laureate Archibald Rutledge.

Combining Balance Sheet

ENTERPRISE FUNDS

June 30, 1990

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,523	\$ 1,680	\$ 20,926	\$ 5,743
Investments	2,346	5,180	-	-
Receivables, net:				
Accounts	65,509	-	9,355	827
Loans and notes	-	-	-	-
Due from Federal government and other grantors	-	-	-	-
Due from other funds	-	323	303	-
Inventories	64,757	-	895	262
Other current assets	943	131	5,077	87
Total current assets	172,078	7,314	36,556	6,919
Long-term and restricted assets:				
Receivables, net:				
Student loans	-	-	-	-
Loans and notes	-	-	-	-
Restricted assets	253,955	766,715	26,621	-
Deferred charges	532,929	-	262	-
Total long-term and restricted assets	786,884	766,715	26,883	-
Property, plant, and equipment:				
Land and improvements	-	-	92,252	5,324
Buildings and improvements	-	-	146,575	769
Utility plant	2,210,494	-	-	-
Machinery, equipment, and other	1,667	441	26,089	25
Construction in progress	124,400	-	15,415	-
Less: accumulated depreciation	(574,102)	(167)	(87,013)	(1,311)
Total property, plant, and equipment, net	1,762,459	274	193,318	4,807
Total assets	<u>\$2,721,421</u>	<u>\$774,303</u>	<u>\$256,757</u>	<u>\$11,726</u>

<u>Patriots' Point Development Authority</u>	<u>Canteens</u>	<u>Patients' Compensation</u>	<u>Education Assistance Authority</u>	<u>Research Authority</u>	<u>Other Enterprise</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 471	\$ 2,620	\$ 36,578	\$ 14,470	\$ 1,961	\$ 8,809	\$ -	\$ 131,781
-	-	-	-	-	930	-	8,456
59	239	124	1,624	191	60	-	77,988
-	-	-	-	-	38	-	38
-	-	-	2,090	7,532	77	-	9,699
-	-	-	-	-	573	(144)	1,055
117	934	-	-	-	-	-	66,965
27	-	-	3	-	5	-	6,273
<u>674</u>	<u>3,793</u>	<u>36,702</u>	<u>18,187</u>	<u>9,684</u>	<u>10,492</u>	<u>(144)</u>	<u>302,255</u>
-	-	-	155,281	-	-	-	155,281
-	-	-	-	-	193	-	193
3,674	-	-	49,124	316	500	-	1,100,905
-	-	-	2,276	92	2	-	535,561
<u>3,674</u>	<u>-</u>	<u>-</u>	<u>206,681</u>	<u>408</u>	<u>695</u>	<u>-</u>	<u>1,791,940</u>
2,918	-	-	-	3,987	-	-	104,481
1,544	-	-	-	13,856	687	-	163,431
-	-	-	-	-	-	-	2,210,494
6,043	523	21	779	1,070	168	-	36,826
16,319	-	-	-	-	-	-	156,134
(3,197)	(293)	(6)	(264)	(1,457)	(140)	-	(667,950)
<u>23,627</u>	<u>230</u>	<u>15</u>	<u>515</u>	<u>17,456</u>	<u>715</u>	<u>-</u>	<u>2,003,416</u>
<u>\$27,975</u>	<u>\$4,023</u>	<u>\$36,717</u>	<u>\$225,383</u>	<u>\$27,548</u>	<u>\$11,902</u>	<u>\$(144)</u>	<u>\$4,097,611</u>

Continued on Next Page

State of South Carolina

Combining Balance Sheet

ENTERPRISE FUNDS (Continued)

June 30, 1990

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 33,570	\$ 28,303	\$ 16,904	\$ 2,117
Intergovernmental payables	-	-	-	-
Insurance claims incurred but not reported	-	-	-	-
Due to other funds	-	127	-	-
Deferred revenues	-	-	-	-
Deposits	4,877	2,639	-	-
Notes payable	-	-	-	-
Revenue bonds payable	34,415	10,295	1,015	-
Capital lease and installment debt obligations payable	-	-	131	-
Commercial paper notes	50,000	-	-	-
Compensated absences payable	-	112	-	146
Other current liabilities	19,981	177	960	220
Total current liabilities	142,843	41,653	19,010	2,483
Long-term liabilities:				
Accrued liabilities	65,257	-	-	-
Deferred revenues and deferred credits	8,049	-	-	-
Deferred compensation	-	-	-	-
Notes payable	-	-	-	-
Revenue bonds payable	1,893,724	647,370	24,720	-
Capital lease and installment debt obligations payable	64,709	20	729	-
Other long-term liabilities	15,904	-	-	1,534
Total long-term liabilities	2,047,643	647,390	25,449	1,534
Total liabilities	2,190,486	689,043	44,459	4,017
Fund Equity:				
Contributed capital	34,438	-	139,415	1,760
Retained earnings:				
Reserved for special purposes	-	79,367	-	550
Unreserved	496,497	5,893	72,883	5,399
Total fund equity	530,935	85,260	212,298	7,709
Total liabilities and fund equity	\$2,721,421	\$774,303	\$256,757	\$11,726

<u>Patriots' Point Development Authority</u>	<u>Canteens</u>	<u>Patients' Compensation</u>	<u>Education Assistance Authority</u>	<u>Research Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ 5,315	\$ 538	\$18,644	\$ 6,157	\$ 6,157	\$ 105	\$ -	\$ 117,810
-	-	-	-	-	279	-	279
-	-	3,824	-	-	-	-	3,824
22	168	4	-	-	4	(144)	181
-	-	1,791	9	206	55	-	2,061
-	-	-	-	-	38	-	7,554
38	-	-	-	34	60	-	132
21,000	-	-	17,665	-	-	-	84,390
-	-	-	-	180	-	-	311
-	-	-	-	-	-	-	50,000
-	72	11	51	-	-	-	392
-	-	-	-	-	-	-	21,338
<u>26,375</u>	<u>778</u>	<u>24,274</u>	<u>23,882</u>	<u>6,577</u>	<u>541</u>	<u>(144)</u>	<u>288,272</u>
-	-	-	-	-	-	-	65,257
-	-	-	-	-	-	-	8,049
-	-	-	-	115	-	-	115
-	-	-	-	6,915	237	-	7,152
-	-	-	154,585	-	-	-	2,720,399
-	-	-	-	74	-	-	65,532
-	-	200	35	-	-	-	17,673
-	-	200	154,620	7,104	237	-	2,884,177
<u>26,375</u>	<u>778</u>	<u>24,474</u>	<u>178,502</u>	<u>13,681</u>	<u>778</u>	<u>(144)</u>	<u>3,172,449</u>
6,628	16	-	-	11,389	2,475	-	196,121
-	-	-	31,803	-	90	-	111,810
(5,028)	3,229	12,243	15,078	2,478	8,559	-	617,231
<u>1,600</u>	<u>3,245</u>	<u>12,243</u>	<u>46,881</u>	<u>13,867</u>	<u>11,124</u>	<u>-</u>	<u>925,162</u>
<u>\$27,975</u>	<u>\$4,023</u>	<u>\$36,717</u>	<u>\$225,383</u>	<u>\$27,548</u>	<u>\$11,902</u>	<u>\$(144)</u>	<u>\$4,097,611</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Operating revenues:				
Charges for services	\$554,794	\$ 1,713	\$ 45,098	\$1,982
Contributions	-	-	-	-
Interest and other investment income	-	69,140	-	-
Other operating revenues	-	-	-	-
Total operating revenues	554,794	70,853	45,098	1,982
Operating expenses:				
General operations and administration	331,864	2,310	27,122	2,013
Benefits and claims	-	-	-	-
Interest	-	56,661	-	-
Depreciation and amortization	79,715	255	10,086	124
Costs to be recovered from future revenues	(28,793)	-	-	-
Other operating expenses	3,449	3,363	-	-
Total operating expenses	386,235	62,589	37,208	2,143
Operating income (loss)	168,559	8,264	7,890	(161)
Nonoperating revenues (expenses):				
Interest income	24,461	-	2,829	320
Federal revenue	-	11,440	-	-
Interest expense	(149,487)	-	(2,207)	(103)
Other nonoperating revenues (expenses)	(41)	(11,276)	1,292	467
Total nonoperating revenues (expenses)	(125,067)	164	1,914	684
Income (loss) before operating transfers	43,492	8,428	9,804	523
Operating transfers in	-	474	-	-
Operating transfers out	(5,366)	(458)	-	-
Income (loss) before extraordinary items	38,126	8,444	9,804	523
Extraordinary gain (loss)	-	-	8,720	47
Net income (loss)	38,126	8,444	18,524	570
Retained earnings (deficit), July 1, 1989 (restated)	458,371	76,816	54,359	5,379
Retained earnings (deficit), June 30, 1990	496,497	85,260	72,883	5,949
Contributed capital, July 1, 1989 (restated)	34,438	-	139,273	1,760
Additions to contributed capital	-	-	303	-
Deductions from contributed capital	-	-	(161)	-
Fund equity, June 30, 1990	\$530,935	\$85,260	\$212,298	\$7,709

Patriots' Point Development Authority	Canteens	Patients' Compensation	Education Assistance Authority	Research Authority	Other Enterprise	Elimina- tions	Totals
\$2,551	\$10,974	\$ -	\$ 1,270	\$28,413	\$ 1,585	\$ -	\$ 648,380
-	2	-	-	-	76	-	78
-	-	2,462	12,254	-	135	-	83,991
-	414	4,405	-	-	1	-	4,820
<u>2,551</u>	<u>11,390</u>	<u>6,867</u>	<u>13,524</u>	<u>28,413</u>	<u>1,797</u>	<u>-</u>	<u>737,269</u>
2,658	9,808	168	3,640	25,979	1,383	-	406,951
-	-	469	-	-	-	-	469
-	-	-	11,864	-	14	-	68,539
423	52	2	78	805	46	-	91,586
-	-	-	-	-	-	-	(28,793)
16	107	7	394	145	242	-	7,723
<u>3,097</u>	<u>9,967</u>	<u>646</u>	<u>15,976</u>	<u>26,929</u>	<u>1,685</u>	<u>-</u>	<u>546,475</u>
<u>(546)</u>	<u>1,423</u>	<u>6,221</u>	<u>(2,452)</u>	<u>1,484</u>	<u>112</u>	<u>-</u>	<u>190,794</u>
358	-	-	-	153	1,153	-	29,274
-	-	-	9,342	-	6,802	-	27,584
(1,895)	-	-	-	(892)	(25)	-	(154,609)
-	107	-	1,226	(27)	(155)	-	(8,407)
<u>(1,537)</u>	<u>107</u>	<u>-</u>	<u>10,568</u>	<u>(766)</u>	<u>7,775</u>	<u>-</u>	<u>(106,158)</u>
(2,083)	1,530	6,221	8,116	718	7,887	-	84,536
-	-	-	3,300	-	51	(458)	3,367
-	(1,000)	-	-	-	-	458	(6,366)
<u>(2,083)</u>	<u>530</u>	<u>6,221</u>	<u>11,416</u>	<u>718</u>	<u>7,938</u>	<u>-</u>	<u>81,637</u>
(1,315)	-	-	-	38	-	-	7,490
(3,398)	530	6,221	11,416	756	7,938	-	89,127
<u>(1,630)</u>	<u>2,699</u>	<u>6,022</u>	<u>35,465</u>	<u>1,722</u>	<u>711</u>	<u>-</u>	<u>639,914</u>
(5,028)	3,229	12,243	46,881	2,478	8,649	-	729,041
6,628	16	-	-	11,234	1,000	-	194,349
-	-	-	-	155	1,475	-	1,933
-	-	-	-	-	-	-	(161)
<u>\$1,600</u>	<u>\$ 3,245</u>	<u>\$12,243</u>	<u>\$46,881</u>	<u>\$13,867</u>	<u>\$11,124</u>	<u>\$ -</u>	<u>\$925,162</u>

State of South Carolina

Combining Statement of Changes in Financial Position

ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Sources of working capital:				
Operations:				
Income (loss) before extraordinary items	\$ 38,126	\$ 8,444	\$ 9,804	\$ 523
Extraordinary gain (loss)	-	-	8,720	47
Items not requiring (providing) working capital:				
Depreciation and amortization	79,715	255	10,086	124
Loss on disposition of property and equipment	-	-	3,653	2
Other	(10,145)	(218)	(24)	25
Total sources (uses) from operations	107,696	8,481	32,239	721
Decreases in long-term investments	-	-	-	-
Decreases in restricted assets	35,175	-	3,210	-
Decreases in other long-term assets	-	-	-	-
Decreases in deferred charges	-	-	23	-
Increases in accrued liabilities	3,684	-	-	-
Increases in deferred revenues and deferred credits	201	-	-	-
Increases in deferred compensation	-	-	-	-
Increases in notes payable	-	-	-	-
Increases in revenue bonds payable	-	23,101	-	-
Increases in capital lease and installment debt obligations payable	-	20	270	-
Increases in other long-term liabilities	3,576	-	-	-
Additions to contributed capital	-	-	303	-
Total sources (uses) of working capital	150,332	31,602	36,045	721
Uses of working capital:				
Increases in student loans receivable, net	-	-	-	-
Increases in loans and notes receivable, net	-	-	-	-
Increases in restricted assets	-	31,028	-	-
Increases in deferred charges	31,738	-	-	-
Reductions of notes payable	-	-	-	-
Reductions of revenue bonds payable	31,763	-	1,015	-
Reductions of capital lease and installment debt obligations payable	2,813	-	-	-
Decreases in other long-term liabilities	-	-	-	136
Acquisitions of property and equipment	84,644	53	25,456	85
Deductions from contributed capital	-	-	161	-
Total uses of working capital	150,958	31,081	26,632	221
Net increases (decreases) in working capital	\$ (626)	\$ 521	\$ 9,413	\$500

<u>Patriots' Point Development Authority</u>	<u>Canteens</u>	<u>Patients' Compensation</u>	<u>Education Assistance Authority</u>	<u>Research Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$(2,083)	\$530	\$6,221	\$11,416	\$ 718	\$7,938	\$ -	\$ 81,637
(1,315)	-	-	-	38	-	-	7,490
423	52	2	78	805	46	-	91,586
-	26	-	1	-	-	-	3,682
(1,624)	1	-	-	750	-	-	(11,235)
(4,599)	609	6,223	11,495	2,311	7,984	-	173,160
-	-	-	-	-	100	-	100
-	-	-	-	-	-	(38,385)	-
3,379	-	-	-	-	-	-	3,379
-	-	-	-	15	-	(38)	-
-	-	-	-	-	-	-	3,684
-	-	-	-	-	-	-	201
-	-	-	-	34	-	-	34
-	-	-	-	-	57	(57)	-
-	-	-	29,555	-	-	(32,778)	19,878
-	-	-	-	-	-	(290)	-
-	-	1	-	-	-	(829)	2,748
-	-	-	-	155	1,475	-	1,933
(1,220)	609	6,224	41,050	2,515	9,616	(72,377)	205,117
-	-	-	28,624	-	-	-	28,624
-	-	-	-	-	76	-	76
305	-	-	12,316	316	-	(38,385)	5,580
-	-	-	2,276	-	2	(38)	33,978
38	-	-	-	974	-	(57)	955
-	-	-	-	-	-	(32,778)	-
-	-	-	-	151	-	(290)	2,674
-	-	-	693	-	-	(829)	-
128	117	5	129	514	81	-	111,212
-	-	-	-	-	-	-	161
471	117	5	44,038	1,955	159	(72,377)	183,260
\$(1,691)	\$492	\$6,219	\$ (2,988)	\$ 560	\$9,457	\$ -	\$ 21,857

Continued on Next Page

Combining Statement of Changes in Financial Position

ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	Public Service Authority	Housing Authority	Ports Authority	Public Railways Commission
Components of net increases (decreases) in working capital:				
Cash and cash equivalents	\$ 6,545	\$1,656	\$16,110	\$2,169
Investments	2,346	1,355	—	—
Accounts receivable, net	14,034	—	2,796	(62)
Loans and notes receivable—current portion	—	—	—	—
Due from Federal government and other grantors	—	—	—	—
Due from other funds	(1,000)	(713)	303	—
Interfund receivables	(6,307)	(924)	—	—
Inventories	20,608	—	98	13
Other current assets	92	44	2,892	56
Deferred charges	—	—	—	—
Accounts payable and accrued liabilities	(4,476)	(1,033)	(13,012)	(1,580)
Intergovernmental payables	—	—	—	—
Insurance claims incurred but not reported	—	—	—	—
Due to other funds	—	(74)	—	—
Deferred revenues	—	—	—	—
Deposits	(115)	296	—	—
Notes payable	—	—	—	—
Revenue bonds payable	(17,403)	85	(145)	—
Capital lease and installment debt obligations payable	—	—	(86)	—
Compensated absences payable	—	(21)	—	3
Other current liabilities	(14,950)	(150)	457	(99)
Net increases (decreases) in working capital	\$ (626)	\$ 521	\$ 9,413	\$ 500

<u>Patriots' Point Development Authority</u>	<u>Canteens</u>	<u>Patients' Compensation</u>	<u>Education Assistance Authority</u>	<u>Research Authority</u>	<u>Other Enterprise</u>	<u>Elimina- tions</u>	<u>Totals</u>
\$ (393)	\$421	\$9,410	\$ 2,374	\$ 456	\$8,092	\$ -	\$46,840
-	-	-	-	-	930	-	4,631
(22)	(11)	21	469	169	8	-	17,402
-	-	-	-	-	16	-	16
(2)	-	-	209	2,327	71	-	2,607
-	-	-	-	-	573	(25)	(864)
6	278	-	-	-	-	-	(7,231)
11	-	-	(23)	-	(3)	-	21,003
-	-	-	-	-	(3)	-	3,069
(1,121)	(82)	(4,809)	(3,057)	(2,299)	(18)	-	(31,487)
-	-	-	2,739	-	(279)	-	2,460
-	-	1,070	-	-	-	-	1,070
(8)	(103)	1	57	-	4	25	(98)
-	-	527	(9)	121	(55)	-	584
-	-	-	-	-	(38)	-	143
(162)	-	-	(6,225)	(34)	146	-	112
-	-	-	-	-	-	-	(23,850)
-	-	-	-	(180)	-	-	(266)
-	(11)	(1)	(12)	-	13	-	(29)
-	-	-	490	-	-	-	(14,252)
<u>\$(1,691)</u>	<u>\$492</u>	<u>\$6,219</u>	<u>\$(2,988)</u>	<u>\$ 560</u>	<u>\$9,457</u>	<u>\$ -</u>	<u>\$ 21,857</u>



Vast populations of wildlife are at home in South Carolina, which has retained from its earliest days a distinctive sense of appreciation for natural and environmental values.

Internal Service Funds

Internal Service Funds provide goods/services to other funds, other component units, or other governments on a cost-reimbursement basis. The State uses the following Internal Service Funds:

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. The Fund's customers are limited by law to certain governmental persons/entities within the State and certain associated parties.

Health and Disability Insurance Fund. This is a risk management fund which underwrites the group health, dental, and related benefits provided to State and public school employees and retirees.

Workers' Compensation Fund. This is a risk management fund which provides workers' compensation benefits to State employees. Premiums are collected from State agencies.

State Employee Unemployment Compensation Fund. This is a risk management fund that provides unemployment benefits to prior State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include rental of office buildings, janitorial services, building maintenance, and procurement services.

Central Supplies and Equipment Fund. This fund sells office supplies and equipment, food, and paper products to other governmental units. It also stores food and paper products for State agencies.

Information Resources Management Fund. This fund provides telecommunication services and equipment, computer services, information technology planning and assistance in equipment and system selections, and printing services to governmental entities.

Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Highway Department Internal Service Fund. This fund accounts for various service activities of the Department of Highways and Public Transportation. The fund provides data processing and printing services, equipment rentals, and office and engineering supplies to other divisions and county offices of the Department.

Pension Administration Fund. This fund administers the public employee retirement systems. Revenues of the fund primarily consist of assessments charged to the four Pension Trust Funds.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of Internal Service Funds. Such activities include provision of training programs for State employees and work activity centers of the Department of Vocational Rehabilitation.



More than a million people a year visit Riverbanks Zoo in Columbia. The zoo features more than 2000 animals in their natural surroundings. Here, visitors watch as sea lions are fed.

State of South Carolina

Combining Balance Sheet

INTERNAL SERVICE FUNDS

June 30, 1990

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
ASSETS						
Current assets:						
Cash and cash equivalents	\$187,945	\$56,743	\$23,289	\$2,932	\$ 12,883	\$1,821
Accounts receivable, net	69,075	1,043	517	-	288	44
Due from Federal government and other grantors	-	-	-	-	152	-
Due from other funds	1,610	1,423	4,446	-	564	866
Interfund receivables	2,312	-	-	-	1,780	-
Inventories	-	-	-	-	140	3,630
Other current assets	2,197	-	-	-	-	-
Total current assets	<u>263,139</u>	<u>59,209</u>	<u>28,252</u>	<u>2,932</u>	<u>15,807</u>	<u>6,361</u>
Long-term assets:						
Long-term investments	-	7,990	-	-	-	-
Loans and notes receivable, net	317	-	-	-	-	-
Advances to other funds	26,810	-	-	-	21,869	-
Total long-term assets	<u>29,127</u>	<u>7,990</u>	<u>-</u>	<u>-</u>	<u>21,869</u>	<u>-</u>
Property, plant, and equipment:						
Land and improvements	-	-	-	-	4,571	-
Buildings and improvements	-	-	-	-	117,574	-
Machinery, equipment, and other	542	323	380	-	1,869	24
Construction in progress	-	-	-	-	5,094	-
Less: accumulated depreciation	(209)	(96)	(111)	-	(23,739)	(15)
Total property, plant, and equipment, net	<u>333</u>	<u>227</u>	<u>269</u>	<u>-</u>	<u>105,169</u>	<u>9</u>
Total assets	<u>\$292,599</u>	<u>\$67,426</u>	<u>\$28,521</u>	<u>\$2,932</u>	<u>\$142,845</u>	<u>\$6,370</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 84,459	\$ 7,899	\$32,590	\$ -	\$ 1,309	\$ 905
Insurance claims incurred but not reported	29,442	52,259	8,805	-	-	-
Due to other funds	113	-	58	932	3,476	31
Interfund payables	-	-	3	-	3,883	1,000
Deferred revenues	15,524	3,699	1,313	-	-	-
Capital lease and installment debt obligations payable	-	4	-	-	1,112	-
Compensated absences payable	159	147	131	-	545	18
Other current liabilities	-	-	-	-	7	-
Total current liabilities	<u>129,697</u>	<u>64,008</u>	<u>42,900</u>	<u>932</u>	<u>10,332</u>	<u>1,954</u>
Long-term liabilities:						
Advances from other funds	-	-	7	-	40,186	-
Capital lease and installment debt obligations payable	-	-	-	-	39,921	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>80,107</u>	<u>-</u>
Total liabilities	<u>129,697</u>	<u>64,008</u>	<u>42,907</u>	<u>932</u>	<u>90,439</u>	<u>1,954</u>
Fund Equity:						
Contributed capital	11	-	-	-	60,064	-
Retained earnings (deficits)	162,891	3,418	(14,386)	2,000	(7,659)	4,416
Total fund equity (deficit)	<u>162,902</u>	<u>3,418</u>	<u>(14,386)</u>	<u>2,000</u>	<u>52,406</u>	<u>4,416</u>
Total liabilities and fund equity	<u>\$292,599</u>	<u>\$67,426</u>	<u>\$28,521</u>	<u>\$2,932</u>	<u>\$142,845</u>	<u>\$6,370</u>

State of South Carolina

Information Resources Management	Motor Pool	Highway Department Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 6,500	\$1,772	\$ 5,940	\$668	\$ 862	\$5,063	\$ -	\$306,418
24	-	-	-	561	51	-	71,603
109	-	-	-	-	-	-	261
2,153	765	-	-	241	24	(5,081)	7,011
567	-	-	-	-	-	(2,857)	1,802
730	10	-	-	2,062	-	-	6,572
-	-	-	-	-	-	-	2,197
<u>10,083</u>	<u>2,547</u>	<u>5,940</u>	<u>668</u>	<u>3,726</u>	<u>5,138</u>	<u>(7,938)</u>	<u>395,864</u>
-	-	-	-	-	-	-	7,990
-	-	-	-	-	-	-	317
<u>1,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,359)</u>	<u>11,804</u>
<u>1,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,359)</u>	<u>20,111</u>
-	220	-	-	-	-	-	4,791
-	465	-	-	-	-	-	118,039
56,339	11,316	7,896	907	6,063	397	-	85,858
-	-	-	-	-	-	-	5,094
<u>(30,996)</u>	<u>(6,029)</u>	<u>(3,180)</u>	<u>(608)</u>	<u>(3,573)</u>	<u>(149)</u>	<u>-</u>	<u>(68,705)</u>
<u>25,343</u>	<u>5,972</u>	<u>4,718</u>	<u>299</u>	<u>2,490</u>	<u>248</u>	<u>-</u>	<u>145,077</u>
<u>\$36,910</u>	<u>\$8,519</u>	<u>\$10,658</u>	<u>\$967</u>	<u>\$6,216</u>	<u>\$5,386</u>	<u>\$(48,297)</u>	<u>\$561,052</u>
\$ 1,300	\$ 100	\$ -	\$351	\$ 666	\$ 210	\$ -	\$129,789
-	-	-	-	-	-	-	90,506
170	68	-	97	102	34	(5,081)	-
542	44	-	-	-	-	(2,857)	2,615
-	-	-	-	-	-	-	20,536
5,351	-	-	-	19	-	-	6,486
574	64	-	326	219	61	-	2,246
-	-	-	-	-	-	-	7
<u>7,937</u>	<u>276</u>	<u>-</u>	<u>776</u>	<u>1,006</u>	<u>305</u>	<u>(7,938)</u>	<u>252,185</u>
11,748	260	-	-	-	-	(40,359)	11,842
14,120	-	-	-	21	-	-	54,062
<u>25,868</u>	<u>260</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>(40,359)</u>	<u>65,964</u>
<u>33,805</u>	<u>536</u>	<u>-</u>	<u>776</u>	<u>1,027</u>	<u>305</u>	<u>(48,297)</u>	<u>318,089</u>
233	133	10,352	8	2,669	129	-	73,590
<u>2,672</u>	<u>7,850</u>	<u>306</u>	<u>163</u>	<u>2,520</u>	<u>4,952</u>	<u>-</u>	<u>169,364</u>
<u>3,105</u>	<u>7,983</u>	<u>10,658</u>	<u>191</u>	<u>5,189</u>	<u>5,081</u>	<u>-</u>	<u>242,963</u>
<u>\$36,910</u>	<u>\$8,519</u>	<u>\$10,658</u>	<u>\$967</u>	<u>\$6,216</u>	<u>\$5,386</u>	<u>\$(48,297)</u>	<u>\$561,052</u>

State of South Carolina

Combining Statement of Revenues, Expenses, and Changes in Fund Equity

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
Operating revenues:						
Charges for services	\$ 64,211	\$347,134	\$ -	\$ -	\$ 25,521	\$14,371
Contributions	-	-	24,680	2,053	-	-
Interest and other investment income	19,395	2,628	-	-	-	-
Other operating revenues	-	-	-	-	-	4
Total operating revenues	83,606	349,762	24,680	2,053	25,521	14,375
Operating expenses:						
General operations and administration	31,676	3,377	1,970	39	13,460	14,025
Benefits and claims	25,348	297,366	25,697	1,082	-	-
Depreciation	84	28	47	-	2,447	3
Other operating expenses	136	186	89	-	729	70
Total operating expenses	57,244	300,957	27,803	1,121	16,636	14,098
Operating Income (loss)	26,362	48,805	(3,123)	932	8,885	277
Nonoperating revenues (expenses):						
Interest income	-	-	-	-	2,342	-
Federal revenue	-	-	-	-	23	-
Interest expense	-	-	(1)	-	(6,467)	-
Other nonoperating revenues (expenses)	-	133	(7)	-	359	20
Total nonoperating revenues (expenses)	-	133	(8)	-	(3,743)	20
Income (loss) before operating transfers	26,362	48,938	(3,131)	932	5,142	297
Operating transfers in	-	-	933	-	459	99
Operating transfers out	-	(241)	-	(932)	-	(50)
Net Income (loss)	26,362	48,697	(2,198)	-	5,601	346
Retained earnings (deficits), July 1, 1989 (restated)	136,529	(45,508)	(12,188)	2,000	(13,259)	4,070
Residual equity transfers in	-	229	-	-	-	-
Residual equity transfers out	-	-	-	-	-	-
Retained earnings (deficits), June 30, 1990	162,891	3,418	(14,386)	2,000	(7,658)	4,416
Contributed capital, July 1, 1989 (restated)	-	-	-	-	59,461	-
Additions to contributed capital	11	-	-	-	603	-
Deductions from contributed capital	-	-	-	-	-	-
Fund equity (deficit), June 30, 1990	\$162,902	\$ 3,418	\$ (14,386)	\$2,000	\$52,406	\$ 4,416

State of South Carolina

Information Resources Management	Motor Pool	Highway Department Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$28,713	\$ 5,620	\$ 1,861	\$ -	\$9,278	\$1,700	\$ -	\$498,409
-	-	-	-	-	-	-	26,733
-	-	-	-	-	-	-	22,023
-	-	-	-	-	300	-	304
<u>28,713</u>	<u>5,620</u>	<u>1,861</u>	<u>-</u>	<u>9,278</u>	<u>2,000</u>	<u>-</u>	<u>547,469</u>
17,543	2,581	963	5,392	9,062	1,779	-	101,867
-	-	-	-	-	3	-	349,496
8,224	2,302	1,054	129	496	42	-	14,856
313	34	18	66	21	44	-	1,706
<u>26,080</u>	<u>4,917</u>	<u>2,035</u>	<u>5,587</u>	<u>9,579</u>	<u>1,868</u>	<u>-</u>	<u>467,925</u>
<u>2,633</u>	<u>703</u>	<u>(174)</u>	<u>(5,587)</u>	<u>(301)</u>	<u>132</u>	<u>-</u>	<u>79,544</u>
185	-	-	-	-	335	-	2,862
109	-	-	-	-	-	-	132
(2,746)	(24)	-	-	(7)	-	-	(9,245)
78	(172)	-	81	-	-	-	492
<u>(2,374)</u>	<u>(196)</u>	<u>-</u>	<u>81</u>	<u>(7)</u>	<u>335</u>	<u>-</u>	<u>(5,759)</u>
259	507	(174)	(5,506)	(308)	467	-	73,785
1,886	299	-	5,640	-	-	(1,223)	8,093
-	-	-	-	-	-	1,223	-
<u>2,145</u>	<u>806</u>	<u>(174)</u>	<u>134</u>	<u>(308)</u>	<u>467</u>	<u>-</u>	<u>81,878</u>
727	7,044	480	278	2,828	4,485	-	87,486
-	-	-	-	-	-	(229)	-
-	-	-	(229)	-	-	229	-
<u>2,872</u>	<u>7,850</u>	<u>306</u>	<u>183</u>	<u>2,520</u>	<u>4,952</u>	<u>-</u>	<u>169,364</u>
168	-	7,570	19	2,299	129	-	69,646
65	133	3,399	-	370	-	-	4,581
-	-	(617)	(11)	-	-	-	(628)
<u>\$ 3,105</u>	<u>\$7,983</u>	<u>\$10,658</u>	<u>\$ 191</u>	<u>\$5,189</u>	<u>\$5,081</u>	<u>\$ -</u>	<u>\$242,963</u>

Combining Statement of Changes in Financial Position

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	Insurance Reserve	Health and Disability Insurance	Workers' Compensation	State Employee Unemployment Compensation	General Services	Central Supplies and Equipment
Sources of working capital:						
Operations:						
Net income (loss)	\$ 26,362	\$48,697	\$(2,198)	\$ -	\$5,601	\$ 346
Items not requiring (providing) working capital:						
Depreciation	84	28	47	-	2,447	3
Loss on disposition of property and equipment	-	-	7	-	65	-
Other	5	297	-	-	-	-
Total sources (uses) from operations	26,451	49,022	(2,144)	-	8,113	349
Decreases in advances to other funds	-	-	-	-	-	-
Additions to contributed capital	11	-	-	-	603	-
Total sources (uses) of working capital	26,462	49,022	(2,144)	-	8,716	349
Uses of working capital:						
Increases in long-term investments	-	7,990	-	-	-	-
Increases in loans and notes receivable, net	309	-	-	-	-	-
Increases in advances to other funds	334	-	-	-	951	-
Decreases in advances from other funds	-	-	1	-	1,591	-
Reductions of capital lease and installment debt obligations payable	-	-	-	-	1,112	-
Decreases in other long-term liabilities	-	4,717	-	-	-	-
Acquisitions of property and equipment	40	323	128	-	2,277	-
Total uses of working capital	683	13,030	129	-	5,931	-
Net increases (decreases) in working capital	\$25,779	\$35,992	\$(2,273)	\$ -	\$2,785	\$ 349
Components of net increases (decreases) in working capital:						
Cash and cash equivalents	\$ 13,056	\$40,864	\$4,269	\$(228)	\$6,285	\$1,171
Accounts receivable, net	66,477	1,043	(575)	-	147	(1)
Due from Federal government and other grantors	-	-	-	-	22	-
Due from other funds	259	438	198	-	(1,045)	(326)
Interfund receivables	(97)	(782)	-	-	305	-
Inventories	-	-	-	-	(8)	(477)
Other current assets	251	-	-	-	-	-
Accounts payable and accrued liabilities	(58,494)	(7,759)	(7,809)	-	(349)	11
Insurance claims incurred but not reported	3,869	2,839	1,256	-	-	-
Due to other funds	(67)	-	(2)	170	(2,331)	(25)
Interfund payables	317	-	(1)	58	(60)	-
Deferred revenues	228	(3,699)	408	-	-	-
Capital lease and installment debt obligations payable	-	(4)	-	-	(103)	4
Compensated absences payable	(20)	(147)	(17)	-	(77)	(8)
Other current liabilities	-	3,199	-	-	(1)	-
Net increases (decreases) in working capital	\$25,779	\$35,992	\$(2,273)	\$ -	\$2,785	\$ 349

State of South Carolina

Information Resources Management	Motor Pool	Highway Department Internal Service	Pension Adminis- tration	Prison Industries	Other Internal Service	Elimina- tions	Totals
\$ 2,145	\$ 806	\$ (174)	\$ 134	\$(308)	\$467	\$ -	\$ 81,878
8,224	2,302	1,054	129	496	42	-	14,856
507	172	-	294	-	-	-	1,045
(832)	-	420	(240)	-	-	-	(350)
10,044	3,280	1,300	317	188	509	-	97,429
569	-	-	-	-	-	(569)	-
65	133	3,399	-	370	-	-	4,581
10,678	3,413	4,699	317	558	509	(569)	102,010
-	-	-	-	-	-	-	7,990
-	-	-	-	-	-	-	309
-	-	-	-	-	-	(569)	716
245	41	-	-	-	-	-	1,878
2,687	-	-	-	7	-	-	3,806
-	-	-	-	-	-	-	4,717
4,994	3,080	3,818	131	509	78	-	15,378
7,926	3,121	3,818	131	516	78	(569)	34,794
\$ 2,752	\$ 292	\$ 881	\$ 186	\$ 42	\$ 431	\$ -	\$ 67,216
\$ 2,743	\$ 6	\$ 856	\$ (94)	\$(500)	\$398	\$ -	\$ 68,826
(7)	-	-	-	168	6	-	67,258
109	-	-	-	-	-	-	131
(701)	121	-	-	(298)	10	(2,234)	(3,578)
38	-	-	-	-	-	797	261
245	2	-	-	650	-	-	412
-	-	-	-	-	-	-	251
272	139	-	192	62	(109)	-	(73,844)
-	-	-	-	-	-	-	7,964
23	2	-	(2)	(31)	29	2,234	-
75	40	25	13	15	111	(797)	(204)
-	-	-	-	-	-	-	(3,063)
57	-	-	-	(7)	-	-	(53)
(102)	(18)	-	77	(17)	(14)	-	(343)
-	-	-	-	-	-	-	3,198
\$ 2,752	\$ 292	\$ 881	\$ 186	\$ 42	\$ 431	\$ -	\$ 67,216



Just east of the Continental Divide, South Carolina mountains offer the rare beauty of remote and unspoiled discoveries. A hardy hiker visits Rainbow Falls in upper Greenville County.

Fiduciary Funds

Fiduciary Funds account for resources the State holds as trustee or agent for individuals, private organizations, or other governmental units.

EXPENDABLE TRUST FUNDS

Expendable Trust Funds account for resources the State holds as trustee. Both the principal and earnings of Expendable Trust Funds may be used for purposes allowed under the trust agreements. The State uses the following Expendable Trust Funds:

Radioactive Waste Contingency Fund. A private company operates a low-level radioactive waste disposal facility within the State. The State and the company have entered into a trust agreement with the State Treasurer as trustee. The company has deposited monies into the trust fund to provide for site cleanup in the event that there is seepage into the groundwater or the site is abandoned.

Unemployment Compensation Benefits Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

Second Injury Fund. This fund accounts for assessments made on insurance carriers, self-insurers, and the Workers' Compensation Fund. These assessments are used to pay claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment.

Defeasance Trust Fund. This fund was established to hold resources to satisfy outstanding revenue debt of certain component units. The State Treasurer holds these assets as trustee. The State's current policy is to use outside trustees for all new defeasances. The small size of this fund no longer warrants its display as a separate fund; accordingly, we have recorded a residual equity transfer to combine it into Other Expendable Trust Funds.

Multi-Family Housing Fund. This fund was established pursuant to bond resolutions which named the State Treasurer as trustee. These bonds constitute no-commitment debt for the State and are issued for the purpose of providing financing to developers of multi-family rental housing. The small size of this fund no longer warrants its display as a separate fund; accordingly, we have recorded a residual equity transfer to combine it into Other Expendable Trust Funds.

Other Expendable Trust Funds. These funds, aggregated for presentation purposes, account for other miscellaneous expendable trust funds. These are generally resources given to the State through trust agreements and provide for such items as scholarship funds, maintenance and operation of specific properties, and construction of monuments.

NONEXPENDABLE TRUST FUNDS

These funds account for resources the State holds as trustee. The principal of these funds must be preserved

and only the earnings may be used for the purposes allowed under the trust agreement. Most of the resources in these funds were bequeathed to the State via wills of deceased persons.

PENSION TRUST FUNDS

Pension Trust Funds account for four public employee retirement systems that the State administers.

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

AGENCY FUNDS

Agency Funds are custodial in nature. They generally represent amounts held by the State on behalf of third parties. The State uses the following Agency Funds:

Deferred Compensation Plans. This fund accounts for the Section 457, Section 401(k), and Section 403(b) deferred compensation plans offered to employees of the State, its component units, and various local governmental units.

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of surety bonds.

Local Government Investment Pool. Excess public monies are deposited into this fund by various local governmental units and other political subdivisions of the State. The State Treasurer invests these monies in order to allow these participating governmental units to realize a higher income by pooling their investments.

Federal Interfund Activity Fund. This fund accounts for Federal grants and entitlements that are first received by one State agency and eventually will be distributed to another State agency.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, unclaimed property, miscellaneous clearing accounts, and other deposits.

State of South Carolina

Combining Balance Sheet

FIDUCIARY FUNDS

June 30, 1990

(Expressed in Thousands)

EXPENDABLE TRUST

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury	Other Expendable Trust
ASSETS				
Cash and cash equivalents	\$44,808	\$ 1,318	\$18,567	\$10,921
Cash on deposit with fiscal agents	-	471,364	-	-
Investments	-	-	-	-
Deferred yield adjustment for security exchanges	-	-	-	-
Receivables, net:				
Accounts	483	-	262	93
Taxes	-	44,597	-	-
Loans and notes	-	-	-	-
Due from Federal government and other grantors	-	-	-	21
Due from other funds	101	205	56	122
Inventories	-	-	-	3
Other assets	-	-	-	-
Total assets	\$45,392	\$517,484	\$18,885	\$11,160
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 962	\$ 1,350	\$ 1,424	\$ 158
Tax refunds payable	-	1,149	-	-
Intergovernmental payables	-	-	-	40
Due to other funds	-	-	124	43
Deferred revenues	-	3,571	-	104
Deposits	-	-	-	-
Amounts held in custody for others	-	-	-	-
Deferred compensation	-	-	-	-
Other liabilities	-	-	-	-
Total liabilities	-962	6,070	1,548	345
Fund Balances:				
Reserved for:				
Pension and other benefits	-	511,414	17,337	-
Inventories	-	-	-	3
Endowment and similar funds	-	-	-	-
Unreserved, undesignated	44,430	-	-	10,812
Total fund balances	44,430	511,414	17,337	10,815
Total liabilities and fund balances	\$45,392	\$517,484	\$18,885	\$11,160

Combining Balance Sheet

FIDUCIARY FUNDS (Continued)

June 30, 1990

(Expressed in Thousands)

	Deferred Compensation Plans	Insurance Company Deposits
ASSETS		
Cash and cash equivalents	\$ 115	\$ -
Cash on deposit with fiscal agents	-	-
Investments	367,536	177,031
Deferred yield adjustment for security exchanges	-	-
Receivables, net:		
Accounts	1,407	-
Taxes	-	-
Loans and notes	2,644	-
Due from Federal government and other grantors	-	-
Due from other funds	-	-
Inventories	-	-
Other assets	2,272	-
Total assets	<u>\$373,974</u>	<u>\$177,031</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 115	\$ -
Tax refunds payable	-	-
Intergovernmental payables	-	-
Due to other funds	-	-
Deferred revenues	-	-
Deposits	-	-
Amounts held in custody for others	-	177,031
Deferred compensation	373,859	-
Other liabilities	-	-
Total liabilities	<u>373,974</u>	<u>177,031</u>
Fund Balances:		
Reserved for:		
Pension and other benefits	-	-
Inventories	-	-
Endowment and similar funds	-	-
Unreserved, undesignated	-	-
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$373,974</u>	<u>\$177,031</u>

AGENCY

<u>Local Government Investment Pool</u>	<u>Federal Interfund Activity</u>	<u>Payroll Clearing</u>	<u>Other Agency</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 14,986	\$ 804	\$ 2,403	\$ 83,982	\$ -	\$ 390,200
-	-	-	-	-	471,364
310,750	-	-	-	-	7,953,724
-	-	-	-	-	118,862
3,192	142	7	112	-	203,959
-	-	-	-	-	44,597
-	-	-	-	-	2,644
-	1,323	-	-	-	1,344
-	3,278	32,421	371	(43,452)	4,044
-	-	-	-	-	3
-	-	-	254	-	2,526
<u>\$328,928</u>	<u>\$5,547</u>	<u>\$34,831</u>	<u>\$84,719</u>	<u>\$(43,452)</u>	<u>\$9,193,267</u>
\$ 15,000	\$ -	\$ 61	\$ 951	\$ -	\$ 63,253
-	-	-	-	-	1,149
-	3	-	8	-	51
-	2,741	5,260	61,946	(43,452)	26,662
-	-	-	-	-	3,675
-	-	-	3,674	-	3,674
313,928	2,803	29,510	18,113	-	541,385
-	-	-	-	-	373,859
-	-	-	27	-	27
<u>328,928</u>	<u>5,547</u>	<u>34,831</u>	<u>84,719</u>	<u>(43,452)</u>	<u>1,013,735</u>
-	-	-	-	-	8,123,583
-	-	-	-	-	3
-	-	-	-	-	566
-	-	-	-	-	55,380
-	-	-	-	-	8,179,532
<u>\$328,928</u>	<u>\$5,547</u>	<u>\$34,831</u>	<u>\$84,719</u>	<u>\$(43,452)</u>	<u>\$9,193,267</u>

State of South Carolina

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	Radioactive Waste Contingency	Unemployment Compensation Benefits	Second Injury
Revenues:			
Taxes	\$ -	\$170,671	\$27,707
Licenses, fees, and permits	2,846	-	-
Interest and other investment income	3,418	-	2,018
Federal	-	42,244	-
Departmental services	-	-	-
Contributions	-	-	-
Other	-	1	131
Total revenues	6,264	212,916	29,856
Expenditures:			
Current:			
General governmental	-	124,549	30,236
Individual and family services	-	-	-
Resources and economic development	-	-	-
Debt Service:			
Principal retirement	-	-	3
Interest and fiscal charges	-	-	1
Intergovernmental	-	-	-
Total expenditures	-	124,549	30,240
Revenues over (under) expenditures	6,264	88,367	(384)
Other financing sources (uses):			
Operating transfers in	-	2,829	-
Operating transfers out	-	(888)	-
Total other financing sources (uses)	-	1,941	-
Revenues and other sources over (under) expenditures and other uses	6,264	90,308	(384)
Fund balances, July 1, 1989	38,166	421,106	17,721
Decrease in reserve for inventories	-	-	-
Residual equity transfers in	-	-	-
Residual equity transfers out	-	-	-
Fund balances, June 30, 1990	\$44,430	\$511,414	\$17,337

Defeasance Trust	Multi-Family Housing	Other Expendable Trust	Eliminations	Totals
\$ -	\$ -	\$ -	\$ -	\$198,378
-	-	11	-	2,857
179	247	807	-	6,669
-	-	42	-	42,286
-	-	329	-	329
-	-	207	-	207
-	17,653	48	-	17,833
<u>179</u>	<u>17,900</u>	<u>1,444</u>	<u>-</u>	<u>268,559</u>
485	19,095	1	-	174,366
-	-	313	-	313
-	-	460	-	460
-	-	-	-	3
-	-	-	-	1
-	-	170	-	170
<u>485</u>	<u>19,095</u>	<u>944</u>	<u>-</u>	<u>175,313</u>
<u>(306)</u>	<u>(1,195)</u>	<u>500</u>	<u>-</u>	<u>93,246</u>
-	-	-	(888)	1,941
-	-	(51)	888	(51)
-	-	(51)	-	1,890
(306)	(1,195)	449	-	95,136
2,692	2,258	6,919	-	488,862
-	-	(2)	-	(2)
-	-	3,449	(3,449)	-
<u>(2,386)</u>	<u>(1,063)</u>	<u>-</u>	<u>3,449</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$10,815</u>	<u>\$ -</u>	<u>\$583,996</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Balances

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

	NON- EXPENDABLE TRUST	PENSION TRUST				
		South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Total Pension Trust
Operating revenues:						
Contributions	\$ 37	\$ 463,624	\$ 82,918	\$ 1,508	\$ 3,880	\$ 571,930
Interest and other investment income	9	626,723	63,030	1,899	2,951	694,603
Other operating revenues	54	—	—	—	—	—
Total operating revenues	100	1,110,347	145,948	3,407	6,831	1,266,533
Operating expenses—benefits and claims	—	366,465	31,617	1,528	2,714	402,324
Operating income	100	743,882	114,331	1,879	4,117	864,209
Operating transfers:						
Operating transfers in	—	8,523	205	—	—	8,728
Operating transfers out	—	(4,909)	(453)	(16)	(22)	(5,400)
Net income	100	747,496	114,083	1,863	4,095	867,537
Fund balances, July 1, 1989	604	6,115,954	564,173	19,358	27,810	6,727,295
Fund balances, June 30, 1990	\$704	\$6,863,450	\$678,256	\$21,221	\$31,905	\$7,594,832

Combining Statement of Changes in Financial Position

NONEXPENDABLE AND PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

	PENSION TRUST					
	NON- EXPEND- ABLE TRUST	South Carolina Retirement System	Police Officers' Retirement System	General Assembly Retirement System	Judges' and Solicitors' Retirement System	Total Pension Trust
Sources of working capital:						
Operations:						
Net income	\$100	\$ 747,496	\$114,083	\$ 1,863	\$ 4,095	\$ 867,537
Uses of working capital:						
Increases in long-term investments	110	945,914	145,095	3,062	6,850	1,100,921
Net decreases in working capital	\$(10)	\$(198,418)	\$(31,012)	\$(1,199)	\$(2,755)	\$(233,384)
Components of net decreases in working capital:						
Cash and cash equivalents.....	\$ 13	\$ 200,547	\$ 7,343	\$ 1,348	\$ 1,260	\$ 210,498
Investments	—	(437,676)	(52,611)	(2,515)	(3,130)	(495,932)
Deferred yield adjustment for security exchanges	—	(21,009)	(1,294)	(45)	3	(22,345)
Accounts receivable, net	1	29,969	10,526	23	110	40,628
Due from other funds	(24)	324	92	—	2	418
Accounts payable and accrued liabilities	—	29,427	4,932	(10)	(1,000)	33,349
Net decreases in working capital	\$(10)	\$(198,418)	\$(31,012)	\$(1,199)	\$(2,755)	\$(233,384)

State of South Carolina

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

	Balance July 1, 1989 (Restated)	Additions	Deductions	Balance June 30, 1990
DEFERRED COMPENSATION PLANS				
Assets				
Cash and cash equivalents	\$ -	\$ 115	\$ -	\$ 115
Investments	307,352	70,680	10,496	367,536
Accounts receivable	321	43,717	42,631	1,407
Loans and notes receivable	1,147	1,497	-	2,644
Other assets	1,622	995	345	2,272
Total assets	<u>\$310,442</u>	<u>\$ 117,004</u>	<u>\$ 53,472</u>	<u>\$373,974</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 115	\$ -	\$ 115
Deferred compensation	310,442	73,600	10,183	373,859
Total liabilities	<u>\$310,442</u>	<u>\$ 73,715</u>	<u>\$ 10,183</u>	<u>\$373,974</u>
INSURANCE COMPANY DEPOSITS				
Assets				
Investments	<u>\$160,843</u>	<u>\$ 58,148</u>	<u>\$ 41,960</u>	<u>\$177,031</u>
Liabilities				
Amounts held in custody for others	<u>\$160,843</u>	<u>\$ 58,148</u>	<u>\$ 41,960</u>	<u>\$177,031</u>
LOCAL GOVERNMENT INVESTMENT POOL				
Assets				
Cash and cash equivalents	\$ 1,012	\$24,492,233	\$24,478,259	\$ 14,986
Investments	203,561	24,041,892	23,934,703	310,750
Accounts receivable	2,988	17,817	17,613	3,192
Interfund receivables	1,217	-	1,217	-
Total assets	<u>\$208,778</u>	<u>\$48,551,942</u>	<u>\$48,431,792</u>	<u>\$328,928</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 15,000	\$ -	\$ 15,000
Amounts held in custody for others	208,778	572,035	466,885	313,928
Total liabilities	<u>\$208,778</u>	<u>\$ 587,035</u>	<u>\$ 466,885</u>	<u>\$328,928</u>

Continued on Next Page

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (CONTINUED)

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

	Balance July 1, 1989 (Restated)	Additions	Deductions	Balance June 30, 1990
FEDERAL INTERFUND ACTIVITY FUND				
Assets				
Cash and cash equivalents	\$ 3,393	\$ 53,811	\$ 56,400	\$ 804
Accounts receivable	—	142	—	142
Due from Federal government and other grantors	902	1,323	902	1,323
Due from other funds	466	3,278	466	3,278
Total assets	\$ 4,761	\$ 58,554	\$ 57,768	\$ 5,547
Liabilities				
Accounts payable and accrued liabilities	\$ —	\$ 109	\$ 109	\$ —
Intergovernmental payable	—	483	480	3
Due to other funds	4,699	2,741	4,699	2,741
Interfund payables	62	—	62	—
Amounts held in custody for others	—	58,924	56,121	2,803
Total liabilities	\$ 4,761	\$ 62,257	\$ 61,471	\$ 5,547
PAYROLL CLEARING FUND				
Assets				
Cash and cash equivalents	\$ 4,282	\$579,291	\$581,170	\$ 2,403
Accounts receivable	—	7	—	7
Due from other funds	28,362	32,421	28,362	32,421
Total assets	\$32,644	\$611,719	\$609,532	\$34,831
Liabilities				
Accounts payable and accrued liabilities	\$ 59	\$ 98	\$ 96	\$ 61
Due to other funds	4,754	5,260	4,754	5,260
Interfund payables	91	—	91	—
Amounts held in custody for others	27,740	500,854	499,084	29,510
Total liabilities	\$32,644	\$506,212	\$504,025	\$34,831

Continued on Next Page

State of South Carolina

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS (CONTINUED)

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

	Balance July 1, 1989 (Restated)	Additions	Deductions	Balance June 30, 1990
OTHER AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 101,850	\$ 1,066,099	\$ 1,083,967	\$ 83,982
Investments	9,379	—	9,379	—
Accounts receivable	265	123	276	112
Due from Federal government and other grantors	38	—	38	—
Due from other funds	431	371	431	371
Other assets	60	254	60	254
Total assets	\$ 112,023	\$ 1,066,847	\$ 1,094,151	\$ 84,719
Liabilities				
Accounts payable and accrued liabilities	\$ 440	\$ 2,753	\$ 2,242	\$ 951
Intergovernmental payables	268	8	268	8
Due to other funds	89,889	61,965	89,908	61,946
Interfund payables	1,064	—	1,064	—
Deposits	3,587	3,674	3,587	3,674
Amounts held in custody for others	16,691	1,111,662	1,110,240	18,113
Other liabilities	84	58	115	27
Total liabilities	\$ 112,023	\$ 1,180,120	\$ 1,207,424	\$ 84,719
TOTALS—ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 110,537	\$26,191,549	\$26,199,796	\$ 102,290
Investments	681,135	24,170,720	23,996,538	855,317
Accounts receivable	3,574	61,806	60,520	4,860
Loans and notes receivable	1,147	1,497	—	2,644
Due from Federal government and other grantors	940	1,323	940	1,323
Due from other funds	29,259	36,070	29,259	36,070
Interfund receivables	1,217	—	1,217	—
Other assets	1,682	1,249	405	2,526
Total assets	\$ 829,491	\$50,464,214	\$50,288,675	\$1,005,030
Liabilities				
Accounts payable and accrued liabilities	\$ 499	\$ 18,075	\$ 2,447	\$ 16,127
Intergovernmental payables	268	491	748	11
Due to other funds	99,342	69,966	99,361	69,947
Interfund payables	1,217	—	1,217	—
Deposits	3,587	3,674	3,587	3,674
Amounts held in custody for others	414,052	2,301,623	2,174,290	541,385
Deferred compensation	310,442	73,600	10,183	373,859
Other liabilities	84	58	115	27
Total liabilities	\$ 829,491	\$ 2,467,487	\$ 2,291,948	\$1,005,030

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the State for general governmental

purposes. These include all fixed assets except those accounted for in the Proprietary, Fiduciary, and Higher Education Funds.



Numerous freshwater lakes throughout South Carolina have made sailing a popular year-round activity for residents and visitors alike. The lakes found in every part of South Carolina bring together fishermen, sailors and people who simply enjoy being on the water.

Schedule of General Fixed Assets by Function

June 30, 1990
(Expressed in Thousands)

Function	Land and Improvements	Buildings, Improvements, and Utility Plant	Machinery, Equipment, and Other	Totals
General governmental.....	\$ 7,457	\$ 86,395	\$ 66,482	\$ 160,334
Education	4,887	55,813	218,626	279,326
Individual and family services	9,833	160,797	96,089	266,719
Administration of justice	5,199	242,175	36,191	283,565
Resources and economic develop- ment	59,986	51,000	57,325	168,311
Transportation.....	2,901	38,746	179,764	221,411
Total general fixed assets allocated to functions	\$90,263	\$634,926	\$654,477	1,379,666
Construction in progress.....				56,114
Total general fixed assets				\$1,435,780



Fresh blue crabs gathered in the coastal waters of South Carolina are regular fare for the State's markets and restaurants. They are also canned and shipped from South Carolina to elsewhere in the nation.

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

Function	Balance July 1, 1989	Additions	Retirements	Balance June 30, 1990
General governmental	\$ 139,417	\$ 26,437	\$ 5,520	\$ 160,334
Education	267,477	17,602	5,753	279,326
Individual and family services	251,153	21,399	5,833	266,719
Administration of justice	251,656	32,704	795	283,565
Resources and economic develop- ment	153,252	17,857	2,798	168,311
Transportation	200,735	31,681	11,005	221,411
Construction in progress	74,365	39,943	58,194	56,114
Total general fixed assets	\$1,338,055	\$187,623	\$89,898	\$1,435,780



"Rip Roarin' Rapids" is a favorite for families who visit South Carolina's Carowinds theme park, a recreational attraction near the North Carolina border.



Charleston street scenes blend the past and present: cobblestones, a horse and carriage, and a greeting exchanged between a carriage driver and a dressed-up youngster on the doorstep of a pre-Revolutionary War home.

Higher Education Funds

Financial activities of the State's higher education institutions are reported in the Higher Education Funds. The four-year institutions are:

The Citadel
Clemson University
The College of Charleston
Francis Marion College
Lander College
The Medical University of South Carolina
South Carolina State College
The University of South Carolina
Winthrop College

Area technical colleges include:

Aiken Technical College
Chesterfield-Marlboro Technical College
Denmark Technical College
Florence-Darlington Technical College
Greenville Technical College
Horry-Georgetown Technical College
Midlands Technical College
Orangeburg-Calhoun Technical College
Piedmont Technical College
Spartanburg Technical College
Sumter Area Technical College
Technical College of the Lowcountry
Tri-County Technical College
Trident Technical College
Williamsburg Technical College
York Technical College

Higher Education Funds include the following individual funds:

CURRENT FUNDS

Current Funds account for resources that higher education institutions may use for any purpose in carrying out their primary objectives.

Unrestricted Current Funds. These funds account for currently expendable resources which may be either completely unrestricted or designated by institution officials for specific purposes.

Restricted Current Funds. These funds account for resources that donors or other outside agencies have restricted for specific current operating purposes.

LOAN FUNDS

Loan Funds account for resources available for loans to students, faculty, or staff of higher education institutions.

ENDOWMENT AND SIMILAR FUNDS

These funds account for endowments and quasi-endowments. These funds are similar to trust funds. The State must comply with the terms of any applicable agreements.

PLANT FUNDS

Plant Funds account for transactions involving physical properties of the higher education institutions.

Unexpended Plant Funds. The Unexpended Plant Funds subgroup accounts for resources that institutions will use to acquire physical properties in future accounting periods.

Renewal and Replacements Funds. The Renewal and Replacements Funds subgroup accounts for resources institutions have set aside for the renewal and replacement of institutional properties.

Retirement of Indebtedness Funds. The Retirement of Indebtedness Funds subgroup includes amounts to pay debt service and to retire indebtedness on institutional properties.

Investment in Plant Funds. The Investment in Plant Funds subgroup accounts for resources that the institution has expended for (and thus has invested in) its properties and any related outstanding debt.

AGENCY FUNDS

Agency Funds account for amounts that higher education institutions hold as custodians or fiscal agents for others.

Combining Balance Sheet

HIGHER EDUCATION FUNDS

June 30, 1990

(Expressed in Thousands)

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT AND SIMILAR FUNDS
	Unrestricted	Restricted		
ASSETS				
Cash and cash equivalents	\$ 83,607	\$ 18,123	\$ 2,729	\$ 15,194
Investments	6,502	2,255	31	16,179
Receivables, net:				
Accounts	6,974	50	50	-
Patient and student	48,205	-	1,922	-
Student loans	-	-	32,054	-
Loans and notes	1,262	-	810	-
Due from Federal government and other grantors	4,930	20,411	41	-
Due from other Higher Education Funds	18,727	127	3	5
Due from other funds	9,096	2,922	9	414
Inventories	16,493	-	-	-
Property, plant, and equipment, net	-	-	-	-
Other assets	7,784	79	117	586
Total assets	\$203,580	\$43,967	\$37,766	\$32,378
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 50,324	\$ 3,317	\$ 69	\$ 320
Due to other Higher Education Funds	1,799	13,750	231	817
Due to other funds	6,117	983	-	-
Interfund payables	6	-	-	-
Advances from other funds	14	-	-	-
Deferred revenues	21,783	1,275	-	-
Deposits	3,474	-	-	-
Amounts held in custody for others	-	-	-	-
Notes payable	500	594	-	-
General obligation bond anticipation notes payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Capital lease and installment debt obligations payable	-	-	-	-
Compensated absences payable	43,946	-	-	-
Other liabilities	1,200	343	9	2
Total liabilities	129,163	20,262	309	1,139
Fund Balances:				
Investment in plant	-	-	-	-
Reserved for:				
Restricted fund balance	-	23,705	3,467	-
U.S. government grants refundable	-	-	33,957	-
Endowment and similar funds	-	-	-	15,110
Encumbrances	997	-	-	-
Other special purposes	4,392	-	33	25
Unreserved:				
Designated for special purposes	15,082	-	-	-
Designated for quasi-endowments	-	-	-	16,104
Undesignated	53,946	-	-	-
Total fund balances	74,417	23,705	37,457	31,239
Total liabilities and fund balances	\$203,580	\$43,967	\$37,766	\$32,378

PLANT FUNDS						
Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	AGENCY FUNDS	Eliminations	Totals
\$ 69,132	\$8,699	\$53,389	\$ -	\$1,817	\$ -	\$ 252,690
5,892	-	-	-	-	-	30,859
358	-	-	-	339	-	7,771
-	-	-	-	-	-	50,127
-	-	-	-	-	-	32,054
-	-	-	-	-	-	2,072
224	-	-	-	-	-	25,606
3,320	200	588	-	3	(22,973)	-
1,211	-	815	-	26	(2,602)	11,891
-	-	-	-	-	-	16,493
47,044	-	-	1,841,969	-	-	1,889,013
-	-	465	3,744	4	-	12,779
<u>\$127,181</u>	<u>\$8,899</u>	<u>\$55,257</u>	<u>\$1,845,713</u>	<u>\$2,189</u>	<u>\$(25,575)</u>	<u>\$2,331,355</u>
\$ 8,120	\$ 345	\$ 5,276	\$ -	\$ 219	\$ -	\$ 67,990
2,286	-	4,055	-	35	(22,973)	-
159	-	285	-	450	(2,602)	5,392
-	-	-	711	-	-	717
-	-	-	5,344	-	-	5,358
-	-	-	-	-	-	23,058
-	-	-	-	-	-	3,474
-	-	-	-	1,399	-	1,399
3,772	-	-	12,695	-	-	17,561
7,271	-	-	9,600	-	-	16,871
-	-	-	11,200	-	-	11,200
26,980	-	-	140,855	-	-	167,835
-	-	-	13,836	-	-	13,836
-	-	-	-	-	-	43,946
2,427	83	-	270	86	-	4,420
<u>51,015</u>	<u>428</u>	<u>9,616</u>	<u>194,511</u>	<u>2,189</u>	<u>(25,575)</u>	<u>383,057</u>
-	-	-	1,651,202	-	-	1,651,202
66,905	8,471	45,641	-	-	-	148,189
-	-	-	-	-	-	33,957
-	-	-	-	-	-	15,110
-	-	-	-	-	-	997
4,918	-	-	-	-	-	9,368
4,343	-	-	-	-	-	19,425
-	-	-	-	-	-	16,104
-	-	-	-	-	-	53,946
<u>76,166</u>	<u>8,471</u>	<u>45,641</u>	<u>1,651,202</u>	<u>-</u>	<u>-</u>	<u>1,948,298</u>
<u>\$127,181</u>	<u>\$8,899</u>	<u>\$55,257</u>	<u>\$1,845,713</u>	<u>\$2,189</u>	<u>\$(25,575)</u>	<u>\$2,331,355</u>



In recent years, South Carolina's Lowcountry and Coastal areas have been transformed into a year-round golfer's paradise. Among the popular courses is the oceanside Osprey Point on Kiawah Island.

Schedules--Budgetary General Fund

The Budgetary General Fund, which corresponds to the General Funds column in the Appropriation Act, is the State's general operating fund. The Budgetary General Fund differs somewhat from the GAAP-basis General Fund.

The schedules in this section have been prepared

using the budgetary basis of accounting. In South Carolina, the budgetary basis of accounting is the cash basis with certain exceptions. The Notes to the Financial Statements include a more detailed description of the budgetary basis of accounting.



Magnolia Gardens near Charleston is the nation's oldest colonial estate garden, with 80 acres of primeval blackwater swamp and extensive collections of camellias and azaleas. The plantation dates back to the arrival of Thomas Drayton from Barbados in 1671 and is still owned by his descendants.

Appropriation Activity

BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1990

(Expressed in Thousands)

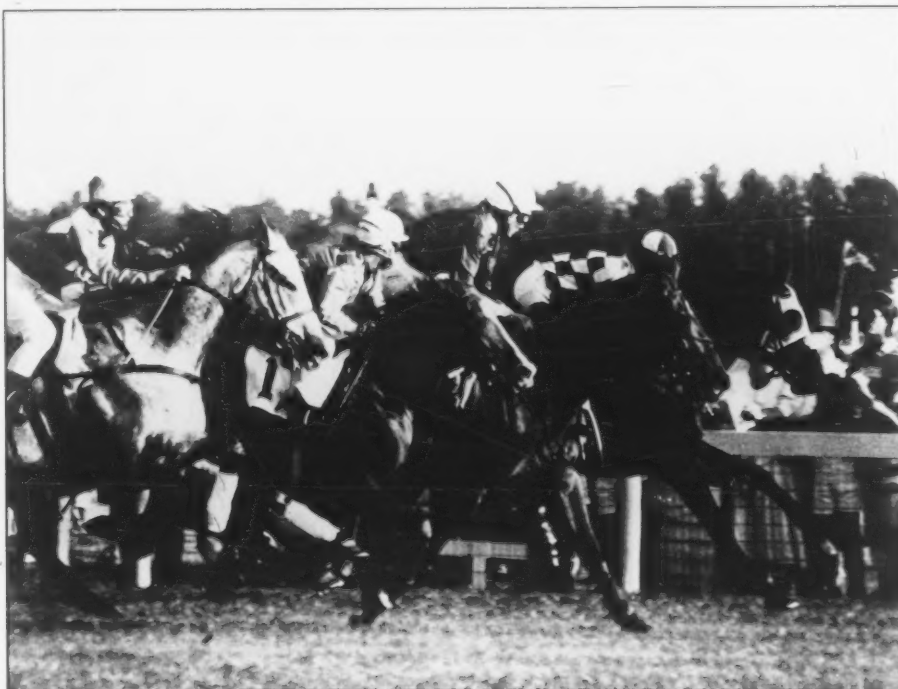
Function	Original Appropriations	Adjustments ^a
Legislative	\$ 26,334	\$ 4,052
Judicial	25,078	607
Executive and administrative	188,349	(7,695)
Educational	1,691,014	71,690
Health	492,916	10,963
Social rehabilitation services	116,408	20,903
Correctional	221,968	6,905
Conservation, natural resources, and development	118,706	6,212
Regulatory	70,191	1,633
Transportation	2,718	410
Debt service	109,843	-
Miscellaneous	236,915	7,626
Highway Department	1,245	4
Totals—appropriations for expenditures	\$3,301,685	\$123,310

Note: See Note 2 to the Financial Statements for information on budgetary accounting.

^a The adjustments (expressed in thousands) may be summarized as follows:

Appropriations brought forward from fiscal year 1988-89	\$ 74,699
Supplemental appropriations less Governor's veto	43,175
Supplemental appropriation reductions	(10,500)
Open-ended appropriations	7,050
Other legislative and Budget and Control Board actions	8,886
Total adjustments	\$123,310

Adjusted Appropriations	Expenditures	Appropriations To Be Carried Forward	Lapsed (Overexpended) Appropriations
\$ 30,386	\$ 26,593	\$ 3,474	\$ 319
25,685	25,426	259	-
180,654	149,602	25,508	5,544
1,762,704	1,751,270	3,080	8,354
503,879	498,184	4,364	1,331
137,311	135,999	240	1,072
228,873	229,364	339	(830)
124,918	124,649	17	252
71,824	70,936	1	887
3,128	2,861	136	131
109,843	109,809	-	34
244,541	236,312	-	8,229
1,249	1,249	-	-
<u>\$3,424,995</u>	<u>\$3,362,254</u>	<u>\$37,418</u>	<u>\$25,323</u>



The Midlands of South Carolina is horse country, known for the wintering quarters of some of the nation's finest thoroughbreds, as well as steeplechase events such as Camden's annual Carolina Cup.

General Fund Reserve Activity

BUDGETARY GENERAL FUND

Last Five Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Fund Reserve, a reserve primarily designed to prevent Budgetary General Fund deficits. Prior to November 4, 1984, the reserve was considered fully funded whenever it equaled five percent of the Budgetary General Fund budgetary-basis revenue of the latest completed fiscal year. On November 4, 1984, a Constitutional amendment was passed changing the funding requirement from five to four percent of the Budgetary General Fund revenue of the latest completed fiscal year. Provisions of the amendment also allowed the percentage rate to be reduced to three or

increased to five percent by a special vote of the General Assembly. An act which took effect on March 9, 1988, reduced the percentage rate to three percent. On November 4, 1988, a Constitutional amendment was passed which permanently changed the funding requirement for the Reserve to three percent of the Budgetary General Fund revenue of the latest completed fiscal year. The full-funding amount for the fiscal year ending June 30, 1991, therefore, is \$98.843 million.

Key amounts (expressed in thousands) for the General Fund Reserve for the last five fiscal years are:

Fiscal Year Ended June 30	Start-of-Year Balance	Deposits (Withdrawals)	End-of-Year Balance	Full-Funding Amount	Actual End-of- Year % Funded ^c
1986	\$89,128	\$(37,353)	\$51,775	\$ 95,735 ^a	54%
1987	51,775	23,606	75,381	100,372 ^a	75%
1988	75,381	10,711	86,092	80,783 ^b	107%
1989	86,092	1,907	87,999	87,999 ^b	100%
1990	87,999	—	87,999	94,114 ^b	94%

^aEquals 4% of the Budgetary General Fund revenues for the latest completed fiscal year.

^bEquals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

^cEquals (End-of-Year Balance/Full Funding Amount) x 100.



From its mountains to the sea, South Carolina has become a favorite destination point for families seeking the relaxation of a good meal, comfortable lodgings and an easy pace of life.

Funds Earmarked for Public Education

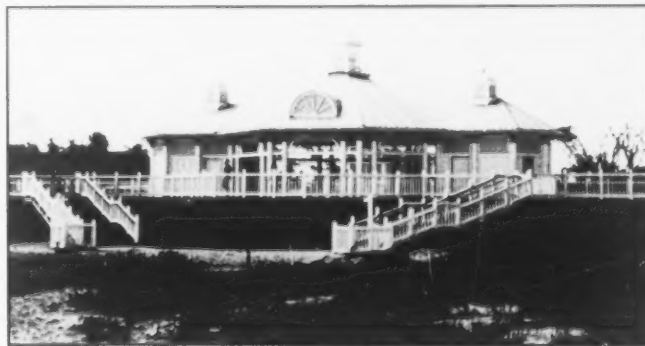
BUDGETARY GENERAL FUND

For the Fiscal Year Ended June 30, 1990
(Expressed in Thousands)

Budgetary-basis revenues:	
Retail sales tax (4%) and excise tax--casual sales	\$ 1,155,802
Alcoholic liquors tax--State portion	20,653
Beer and wine tax--State portion	256
Soft drinks tax	21,656
Commercial nuclear waste tax	6,100
Total budgetary-basis revenues earmarked for public education	1,204,467
Budgetary-basis expenditures:	
Department of Education	1,098,544
State Board of Technical and Comprehensive Education	107,808
Educational Television Commission	17,954
Wil Lou Gray Opportunity School	2,908
School for the Deaf and Blind	10,615
John De La Howe School	3,387
Debt service--school bonds	2,732
Total budgetary-basis expenditures earmarked for public education	1,243,948
Excess of budgetary-basis expenditures over revenues earmarked for public education	\$ 39,481

Part I, Section 1, of the 1989-90 Appropriation Act and Sections 12-21-1130 and 48-47-175 of the South Carolina Code of Laws require that the Budgetary General Fund revenues shown above be expended only to cover appropriations made to support the specific public secondary-school education agencies listed above. These legal requirements are considered to be satisfied if the amount of Budgetary General Funds expended for these particular agencies exceeds the earmarked revenues.

Legal-basis debt service expenditures on capital improvement bonds applicable to the designated public education agencies could not be determined. If available, this amount would increase both expenditures and the excess of expenditures over revenues earmarked for public education. Records of the State Treasurer's Office show that capital improvement bond proceeds of \$22.666 million and institution bond proceeds of \$2.493 million were allocated to the designated public education agencies in 1989-90.



Visitors to South Carolina number in the hundreds of thousands annually, and find pleasant living quarters and a cheerful vacation atmosphere in resorts throughout the State.



Statistical Section



Regattas now bring together sailing enthusiasts to enjoy South Carolina's climate and waters. Hundreds of thousands of acres of open waters are contained in such major inland lakes as Marion, Moultrie, Murray, Greenwood, Wateree, Wylie, Keowee, Jocassee and Hartwell.

Expenditures (Budgetary Basis) by Function

TOTAL BUDGETED FUNDS^a

Last Nine Fiscal Years^b

(Expressed in Thousands)

Function	1982	1983	1984	1985
Legislative	\$ 13,577	\$ 14,125	\$ 14,814	\$ 20,252
Judicial	14,037	14,775	16,838	18,866
Executive and administrative	369,493	382,053	261,196	303,997
Educational	1,536,162	1,607,024	1,779,724	2,405,711
Health ^c	325,914	330,174	356,914	746,494
Social rehabilitation services ^c	517,168	475,125	506,527	229,246
Correctional	96,619	96,886	117,485	159,435
Conservation, natural resources, and development	109,148	110,397	124,346	139,750
Regulatory	67,770	71,695	78,949	86,244
Transportation	3,584	5,032	3,695	3,832
Debt service	89,722	105,091	101,436	103,608
Miscellaneous	119,223	113,058	124,864	163,106
Highway Department	301,989	321,817	390,333	455,467
Enterprise agencies	—	—	—	—
Total expenditures.....	\$3,564,406	\$3,647,252	\$3,877,121	\$4,836,008

^a This table includes expenditures for the State's budgeted funds--the Budgetary General Fund and Other Budgeted Funds. To enhance comparability, years before 1989 have been restated to exclude transfers. The year ended June 30, 1988, was the earliest year for which the State prepared GAAP-basis data. In order to provide a minimum of five years of comparative data, the State continues to present this table on the budgetary basis.

^b It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-82 when the current Statewide accounting system was installed.

^c In the fiscal year ended June 30, 1985, a new Health agency assumed responsibility for certain programs previously reported under Social Rehabilitation Services.



Whether it's a short putt on a seaside course, or challenges on the hundreds of courses elsewhere in the State, golf has become a major recreational attraction for visitors and residents alike.

For the Fiscal Year Ended June 30

1986	1987	1988	1989	1990
\$ 22,287	\$ 23,391	\$ 23,965	\$ 26,028	\$ 26,878
20,925	21,853	22,497	24,141	25,472
296,605	260,639	289,206	334,419	483,280
2,273,874	2,314,100	2,521,301	2,750,752	3,008,039
926,329	1,027,103	1,109,708	1,269,100	1,537,038
454,579	447,229	441,487	459,006	647,847
183,117	215,149	257,701	265,680	290,618
158,105	160,293	169,218	189,190	223,756
93,514	99,612	110,023	124,205	134,666
3,447	2,866	3,451	5,354	4,245
106,738	107,122	119,415	101,986	109,809
172,901	174,402	207,707	228,331	236,312
465,181	482,990	621,596	634,497	623,629
-	-	-	5,811	2,614
<u>\$5,177,602</u>	<u>\$5,336,749</u>	<u>\$5,897,275</u>	<u>\$6,418,500</u>	<u>\$7,354,203</u>



For some, South Carolina is just a pleasant pause, a breath of fresh air, and the appreciation of a view which is both commonplace and spectacular at the same time.

State of South Carolina

Revenues (Budgetary Basis) by Source

TOTAL BUDGETED FUNDS^a

Last Nine Fiscal Years^b

(Expressed in Thousands)

Source	1982	1983	1984	1985
Admissions tax	\$ 6,430	\$ 7,403	\$ 8,307	\$ 8,519
Aircraft tax	246	271	152	458
Alcoholic liquors tax	39,706	43,622	43,864	43,603
Bank tax	3,876	5,116	4,839	7,632
Beer and wine tax	55,020	61,458	58,729	60,027
Business license tax	30,279	29,747	29,852	29,842
Cable television fees	7	7	4	-
Coin-operated device tax	1,975	8,371	6,046	5,756
Commercial nuclear waste tax	-	-	3,903	4,856
Contractors' license tax	607	661	700	746
Corporation income tax	127,610	124,132	154,483	192,152
Corporation license tax	17,666	18,203	21,337	25,002
Department of Agriculture	7,232	6,969	7,179	7,909
Departmental revenue (primarily grant revenues and fees for services)	1,753,865	1,620,163	1,797,230	2,019,592
Documentary tax	10,140	11,703	16,786	16,360
Earned on investments	65,799	62,311	71,031	83,759
Education Improvement Act--1% sales tax	-	-	-	182,578
Education Improvement Act--investment earnings ..	-	-	-	1,404
Education Improvement Act--other	-	-	-	300
Electric power tax	12,627	12,435	13,076	13,411
Estate tax	12,634	14,259	17,633	22,442
Excise tax--casual sales	-	7,186	8,764	7,738
Fertilizer inspection tax	213	185	189	219
Gasoline tax--counties	14,662	14,330	15,429	15,902
Gift tax	714	980	1,121	1,496
Individual income tax	641,838	719,113	795,480	850,814
Insurance tax	40,798	45,434	49,522	56,594
Miscellaneous sources	107,199	75,351	107,427	215,199
Motor transport fees	2,690	2,678	4,462	4,868
Private car lines tax	1,075	1,077	1,135	1,057
Public service assessment	2,490	2,528	3,022	3,060
Public Service Authority	1,400	1,500	1,600	1,700
Radioactive waste surcharge	-	-	-	-
Retail sales tax (4%)	646,552	684,391	790,160	820,534
Retailers' license tax	727	1,121	1,193	3,776
Savings and loan association tax	59	(68)	19	(12)
Soft drinks tax	13,868	13,841	13,192	14,970
Workers' compensation insurance tax	6,274	7,472	7,377	7,961
Total revenues	\$3,626,278	\$3,603,950	\$4,055,243	\$4,732,224

^a This table includes revenues for the State's budgeted funds--the Budgetary General Fund and Other Budgeted Funds. To enhance comparability, years before 1989 have been restated to exclude transfers. The year ended June 30, 1988, was the earliest year for which the State prepared GAAP-basis data. In order to provide a minimum of five years of comparative data, the State continues to present this table on the budgetary basis.

^b It is not practicable for the State to summarize expenditure data prior to fiscal year 1981-82 when the current Statewide accounting system was installed.

For the Fiscal Year Ended June 30

1986	1987	1988	1989	1990
\$ 9,230	\$ 9,868	\$ 11,980	\$ 13,941	\$ 14,648
539	902	1,356	1,934	2,288
46,580	46,149	46,974	48,144	48,478
4,171	5,529	7,674	8,314	9,530
62,488	66,619	67,655	71,244	73,253
29,993	30,303	30,614	30,523	29,540
-	-	-	-	-
8,115	6,726	7,818	14,899	11,577
4,656	4,157	5,304	5,639	6,100
808	864	1,336	1,368	1,485
185,014	184,890	196,187	211,209	140,876
24,193	30,053	29,217	29,484	34,608
7,933	7,895	8,267	8,467	8,877
2,355,983	2,441,978	2,792,219	3,063,206	3,687,902
16,085	16,080	12,126	13,359	14,065
79,198	76,406	71,181	76,591	92,434
221,740	235,690	250,435	271,980	288,822
2,235	2,377	1,680	1,771	2,110
270	648	540	337	12,539
12,653	13,241	19,617	15,243	16,045
19,946	24,857	31,843	32,079	28,939
7,728	7,863	8,246	8,655	9,336
191	160	150	234	207
16,341	16,842	17,157	17,615	18,020
2,316	2,124	4,148	3,907	6,417
907,285	1,008,938	1,142,105	1,248,058	1,380,180
65,173	83,535	83,961	87,091	88,686
152,092	81,509	84,534	78,513	83,268
4,552	4,722	5,265	5,599	5,733
1,099	1,099	1,124	1,239	1,283
3,317	3,351	3,675	3,812	3,824
2,900	2,503	4,092	5,366	5,629
-	2,831	4,195	6,679	9,793
885,591	939,072	997,889	1,076,982	1,146,490
923	882	928	1,004	989
(835)	55	114	856	520
18,029	18,868	19,564	19,668	21,656
9,725	14,454	15,281	17,127	17,392
<u>\$5,168,257</u>	<u>\$5,394,040</u>	<u>\$5,986,451</u>	<u>\$6,502,137</u>	<u>\$7,323,539</u>

Income and Sales Tax Rates

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Individual Income Tax</u>	<u>Corporate Income Tax</u>	<u>Retail Sales Tax</u>
1981	2 - 7%	6%	4%
1982	2 - 7%	6%	4%
1983	2 - 7%	6%	4%
1984	2 - 7%	6%	4%
1985	2 - 7%	6%	5%
1986	2 - 7%	6%	5%
1987	3 - 7%	6%	5%
1988	3 - 7%	5.5%	5%
1989	3 - 7%	5%	5%
1990	3 - 7%	5%	5%

Source: The State Tax Commission.



Sea oats and dunes are an everyday sight along South Carolina's beaches. They are also an important part of the State's strategy to protect its beaches against storms and erosion.

Net General Obligation Bonds and Notes Per Capita

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ^a (Thousands)	Gross Bonded Debt ^b (Thousands)	Debt Payable From Higher Education Funds (Thousands)	Net General Bonded Debt ^c (Thousands)	Net General Bonded Debt ^c Per Capita
1981	3,185	\$601,185	\$33,910	\$567,275	\$178.11
1982	3,219	727,555	37,505	690,050	214.37
1983	3,252	600,295	34,670	565,625	173.93
1984	3,295	611,170	36,470	574,700	174.42
1985	3,333	626,645	31,620	595,025	178.53
1986	3,380	658,515	28,270	630,245	186.46
1987	3,424	693,270	28,030	665,240	194.29
1988	3,469	681,425	28,185	653,240	188.31
1989	3,519	709,165	25,925	683,240	194.16
1990	3,569	807,911	28,071	779,840	218.50

^a State Data Center, Research and Statistical Services Division, State Budget and Control Board.

^b Includes general obligation bonds payable and general obligation bond anticipation notes of both the General Long-Term Obligations Account Group and the Higher Education Funds.

^c Net general bonded debt is the gross general bonded debt less the general obligation debt payable not expected to be repaid through general governmental resources (i.e. the debt payable from Higher Education Funds).

Note: Assessed value data is not presented because the State of South Carolina does not receive property tax revenue.

Computation of Legal Debt Margin

June 30, 1990

(Expressed in Thousands)

Section 57-11-240 of the South Carolina Code of Laws limits State highway bonds outstanding to \$150 million. Likewise, Section 59-107-90 limits State institution bonds legally outstanding to \$60 million.

Furthermore, Section 11-11-430 states: "The issuance of general obligation bonds of the State must

be limited so that the maximum annual debt service on all general obligation bonds of the State (excluding highway bonds, State institution bonds, tax anticipation notes, and bond anticipation notes) may not exceed five percent of the general revenues of the State for the fiscal year next preceding (excluding revenues which are authorized to be pledged for State highway bonds and State institution bonds)."

State highway bond limitation.....	\$ 150,000
Less: State highway bonds outstanding at June 30, 1990.....	—
Legal debt margin at June 30, 1990--highway bonds	<u>\$ 150,000</u>
State institution bond limitation.....	\$ 60,000
Less: State institution bonds and notes outstanding at June 30, 1990	28,065
Legal debt margin at June 30, 1990--institution bonds.....	<u>\$ 31,935</u>
1988-1989 Budgetary General Fund revenues	\$ 3,137,147
Less: 1988-1989 transfers for highway and institution bond debt service recorded as Budgetary General Fund revenues.....	3,312
1988-1989 net Budgetary General Fund revenues	<u>\$3,133,835</u>
5% of 1988-1989 net Budgetary General Fund revenues	\$ 156,691
Less: 1989-1990 net Budgetary General Fund debt service for general obligation bonds excluding highway and institution bonds, tax anticipation notes, and bond anticipation notes.....	106,218
Legal debt service margin at June 30, 1990--general obligation bonds excluding highway and institution bonds and tax/bond anticipation notes	<u>\$ 50,473</u>

Ratio of Annual Debt Service for General Obligation Bonds to Budgetary General Fund Expenditures ^a

Last Ten Fiscal Years
(Expressed in Thousands)

<u>For the Fiscal Year Ended June 30</u>	<u>Debt Service</u>	<u>Total Budgetary General Fund Expenditures</u>	<u>Ratio</u>
1981	\$ 81,360	\$1,764,640	4.61%
1982	89,722	1,859,378	4.83%
1983	105,091	1,936,338	5.43%
1984	101,436	2,110,791	4.81%
1985	103,608	2,397,054	4.32%
1986	106,738	2,592,269	4.12%
1987	107,122	2,669,741	4.01%
1988	119,415	2,842,610	4.20%
1989	101,986	3,104,525	3.29%
1990	109,809	3,362,254	3.27%

^a The year ended June 30, 1988, was the earliest year for which the State prepared GAAP-basis data. In order to provide a minimum of five years of comparative data, the State continues to present this table on the budgetary basis.



Brookgreen Gardens near Georgetown is a unique blend of more than 400 works of sculpture, 2000 species of plants and a wildlife park on the grounds of a colonial rice plantation.

State of South Carolina

Revenue Bond Coverage

Last Ten Fiscal Years
(Expressed in Thousands)

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY^a

<u>Fiscal Year Ended June 30</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses^b</u>	<u>Net Revenue Available for Debt Service</u>
1981	\$246,346	\$188,856	\$ 57,490
1982	307,731	226,885	80,846
1983	322,708	219,957	102,751
1984	358,699	238,139	120,560
1985	430,622	261,153	169,469
1986	455,000	263,131	191,869
1987	480,059	276,036	204,023
1988	491,980	290,324	201,656
1989	546,039	330,007	216,032
1990	554,794	345,458	209,336

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY^c

<u>Fiscal Year Ended June 30</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses^b</u>	<u>Net Revenue Available for Debt Service</u>
1981 ^d	\$ 23,319	\$ 1,622	\$ 21,697
1982	23,491	1,530	21,901
1983	36,335	2,451	33,884
1984	51,701	2,961	48,740
1985	68,728	4,124	64,604
1986	91,597	5,215	86,382
1987	83,269	4,323	78,946
1988	75,642	4,472	71,170
1989	69,673	4,758	64,915
1990	71,017	5,853	65,164

SOUTH CAROLINA EDUCATION ASSISTANCE AUTHORITY

<u>Fiscal Year Ended June 30</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses^b</u>	<u>Net Revenue Available for Debt Service</u>
1981	\$ 4,482	\$ 397	\$ 4,085
1982	6,351	883	5,468
1983	6,690	1,207	5,483
1984	12,424	2,106	10,318
1985	13,741	1,348	12,393
1986	13,179	2,053	11,126
1987	13,916	2,328	11,588
1988	14,387	3,436	10,951
1989	19,541	7,477	12,064
1990	24,312	4,663	19,649

^a Gross revenues for years before 1990 have been restated to exclude interest income.

^b Excludes depreciation and interest expense.

^c Direct operating expenses for years before 1989 have been restated to exclude housing assistance payments.

^d Information presented for the year ended July 1.

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
\$ 3,680	\$ 75,629	\$ 79,309	0.72
5,570	123,563	129,133	0.63
6,305	162,553	168,858	0.61
7,795	160,259	168,054	0.72
9,060	159,634	168,694	1.00
10,500	150,224	160,724	1.19
27,630	144,190	171,820	1.19
33,995	138,675	172,670	1.17
31,390	134,908	166,298	1.30
33,045	133,606	166,651	1.26

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
\$ 3,985	\$ 16,274	\$ 20,259	1.07
8,150	16,060	24,210	0.90
7,530	25,412	32,942	1.03
7,660	35,351	43,011	1.13
13,774	46,647	60,421	1.07
24,726	63,818	88,544	0.98
19,730	60,505	80,235	0.98
10,075	53,435	63,510	1.12
10,125	55,412	65,537	0.99
10,010	56,661	66,671	0.98

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
\$ 540	\$ 1,432	\$ 1,972	2.07
820	2,374	3,194	1.71
1,010	3,536	4,546	1.21
1,265	7,516	8,781	1.18
1,785	7,450	9,235	1.34
2,530	7,974	10,504	1.06
20,650	6,965	27,615	0.42
9,815	5,655	15,470	0.71
7,330	7,477	14,807	0.81
11,440	11,864	23,304	0.84

Continued on Next Page

State of South Carolina

Revenue Bond Coverage (Continued)

Last Ten Fiscal Years
(Expressed in Thousands)

SOUTH CAROLINA STATE PORTS AUTHORITY

<u>Fiscal Year Ended June 30</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses^b</u>	<u>Net Revenue Available for Debt Service</u>
1981	\$27,344	\$19,944	\$ 7,400
1982	27,772	22,373	5,399
1983	24,905	18,509	6,396
1984	29,252	20,568	8,684
1985	33,147	24,129	9,018
1986	30,960	25,388	5,572
1987	35,906	24,133	11,773
1988	43,408	25,915	17,493
1989	43,959	27,179	16,780
1990	45,098	27,190	17,908

PATRIOTS' POINT DEVELOPMENT AUTHORITY

<u>Fiscal Year Ended June 30</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses^b</u>	<u>Net Revenue Available for Debt Service</u>
1987 ^a	\$ 2,643	\$ 2,445	\$ 198
1988	3,299	2,698	601
1989	3,254	3,279	(25)
1990	2,551	3,309	(758)

^b Excludes depreciation and interest expense.

^a No revenue bonds were outstanding in earlier years.

^f Not applicable since net revenues available for debt service was negative.

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
\$ 300	\$ 1,481	\$ 1,781	4.15
300	2,377	2,677	2.02
379	1,731	2,110	3.03
642	1,123	1,765	4.92
831	1,096	1,927	4.68
777	1,050	1,827	3.05
915	1,005	1,920	6.13
974	945	1,919	9.12
956	1,395	2,351	7.14
514	2,207	2,721	6.58

Debt Service Requirements			Coverage Ratio
Principal	Interest	Total	
\$ -	\$ 140	\$ 140	1.41
134	150	284	2.12
17	1,610	1,627	f
38	1,895	1,933	f

State of South Carolina

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population^a at June 30</u>	<u>Per Capita Income^a at December 31</u>	<u>Median Age^a (Years) at June 30</u>	<u>School Enrollment^b at June 30</u>	<u>Unemployment Rate^c at December 31</u>
1980	3,120,700	\$ 7,589	28.2	648,319	6.9%
1981	3,185,000	8,374	28.7	642,015	8.4%
1982	3,219,000	8,710	29.2	633,682	10.8%
1983	3,252,000	9,323	29.6	673,871	10.1%
1984	3,295,000	10,157	30.1	669,809	7.1%
1985	3,333,000	10,734	29.8	668,985	6.9%
1986	3,380,000	11,313	30.1	670,980	6.2%
1987	3,424,000	12,027	30.6	672,943	5.6%
1988	3,469,000	12,764	31.0	676,847	4.5%
1989	3,518,800	13,616	31.4	678,050	4.3%
1990	3,568,600	d	31.7	677,356	d

Sources:

^a State Data Center, Research and Statistical Services Division, State Budget and Control Board.

^b South Carolina Department of Education.

^c South Carolina Employment Security Commission.

^d Not yet available.

Property Value^a, Construction, and Bank Deposits

Last Ten Years

(Dollars in Millions)

Year	Nonresidential Construction		Residential Construction		Bank Deposits at December 31	Property Value ^a	
	Number of Units at December 31	Value at December 31	Number of Units at December 31	Value at December 31		Nonresidential at June 30	Residential at June 30
1980	5,753	\$407	28,235	\$ 783	\$12,397	c	c
1981	6,347	375	24,920	748	13,326	c	c
1982	6,264	478	21,720	676	15,106	c	c
1983	7,588	419	35,322	1,184	16,976	c	c
1984	8,512	617	45,003	1,573	19,096	\$23,339	\$24,748
1985	6,744	659	44,190	1,592	20,892	24,879	25,754
1986	6,761	743	40,390	1,581	22,869	25,915	27,149
1987	7,283	835	26,991 ^b	1,489	23,776	28,364	29,114
1988	6,926	763	25,563	1,438	26,053	34,127	31,241
1989	6,627	707	20,530	1,252	28,749	34,936	33,869
1990	d	d	d	d	d	e	e

^a Property taxes do not represent a source of revenue for the State. The value reported here is fair market value at the date of tax assessment.

^b Beginning with 1987, the number of mobile home permits is not reported.

^c The State began compiling this data on a statewide basis in 1984 in connection with the passage of the State Education Finance Act. For earlier years, this data was maintained only by the forty-six county governments.

^d Not yet available.

^e Due to new legislation requiring tax assessment to be made on the prior year's property value, the 1990 information is not yet available.

Sources: 1990 South Carolina Economic Report, State Budget and Control Board; State Tax Commission.

Largest Manufacturing Plants^a

Name	Location
Westinghouse--Savannah River Co.	Aiken
Charleston Naval Shipyard	North Charleston
E.I. Du Pont de Nemours & Co.	Lugoff
Kemet Electronics Corporation	Simpsonville
Springs Industries, Inc.	Lyman
Michelin Tire Corporation	Greenville
Sonoco Products Company	Hartsville
A.V.X. Corporation	Myrtle Beach
Bosch Corporation--Automotive Group	North Charleston
Clinton Mills, Inc.	Clinton
Wellman, Incorporated	Johnsonville
American Yard Products	Orangeburg
Stouffer Foods Corporation	Gaffney
Hoechst Celanese Corporation	Spartanburg
Hoechst Celanese Corporation	Rock Hill

^aBased on number of employees.

Source: 1990 South Carolina Industrial Directory, provided to the Comptroller General's Office by the South Carolina Development Board.

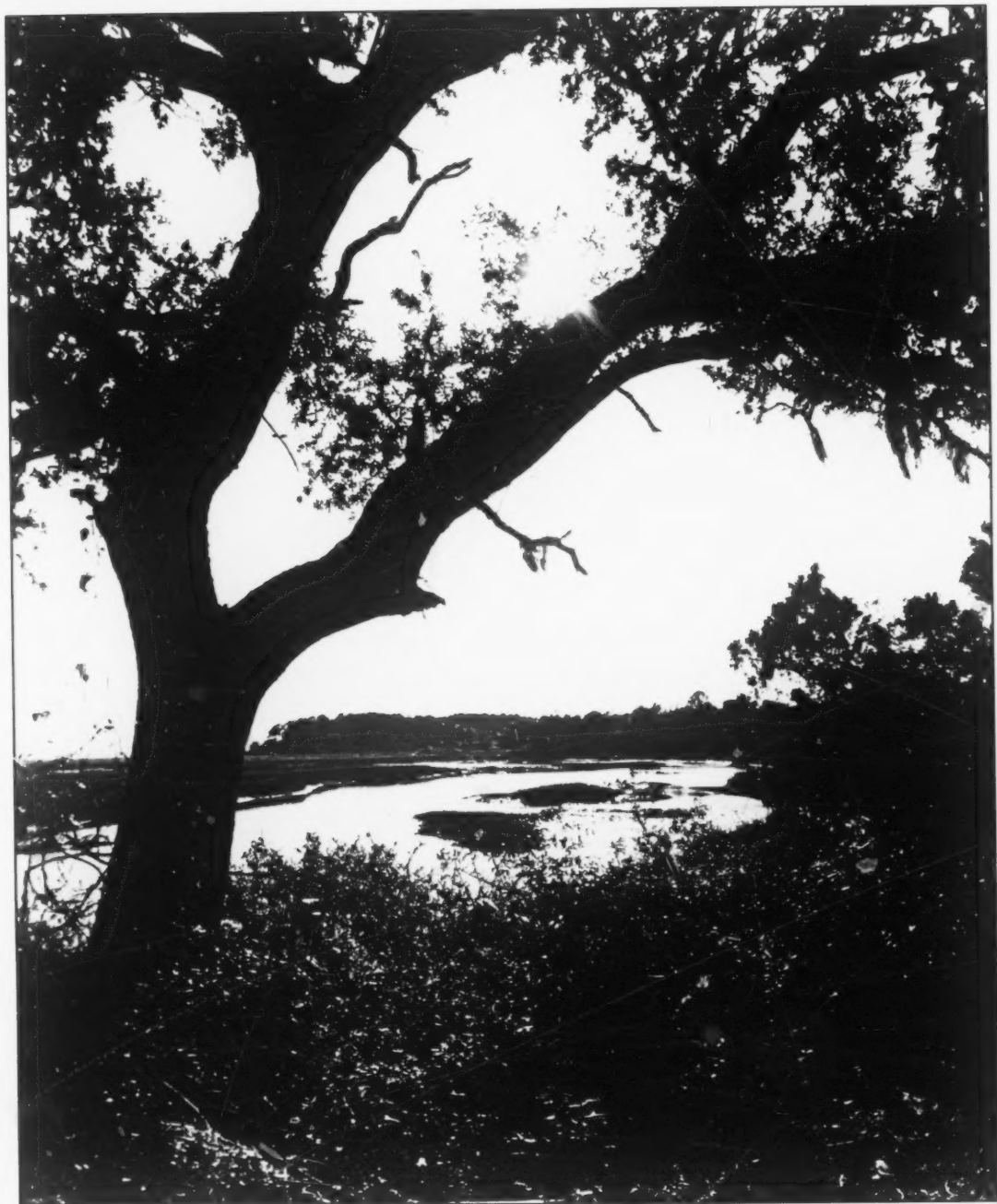
Miscellaneous Statistics

December 31, 1989 (Except as Noted)

Date of ratification--U. S. Constitution	1788 ^a
Form of government	Legislative-Executive-Judicial ^b
Miles of State highways	64,103 ^c
Land area (square miles)	30,203 ^c
State police protection:	
Police and sheriff districts	221 ^d
Total number of sworn officers	7,231 ^d
Higher education (universities, colleges, and technical education centers):	
Number of campuses	65 ^e
Number of students	153,744 ^e
Recreation:	
Number of State parks and historical sites	56 ^f
Area of State parks	79,258 acres ^f
Area of forests	76,650 acres ^g
State Employees -- all funds (at June 30, 1990)	66,194 ^h

Sources:

^a 1989 Legislative Manual.^b Department of Highways and Public Transportation.^c State Data Center.^d State Law Enforcement Division.^e Commission on Higher Education.^f Department of Parks, Recreation, and Tourism.^g Forestry Commission.^h Budget and Control Board, Budget Division.



Much of South Carolina's scenery, whether in the eyes of early native American residents, later European settlers, more recent newcomers or visitors, hasn't changed in a thousand years. This aging tree, meandering tidal creek and coastal marsh are quiet reminders.



The Southern 500 was the first major stock car race in the nation, and it still attracts thousands of fans to South Carolina's Darlington Raceway.



Whitewater adventure on the Chattooga River, immortalized in the book Deliverance by South Carolinian James Dickey, is a popular pastime for canoe and raft enthusiasts.



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